

83ND FOUNDATION COURSE

**Selected Reading Material on
Contemporary India & Global Environment**



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Faculty of Contemporary India & Global Environment
Lal Bahadur Shastri National Academy of Administration
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CONTEMPORARY INDIA & GLOBAL ENVIRONMENT

My dear Officer-Trainees,

I on behalf of the faculty of "Contemporary India & Global Environment" accord you a very hearty welcome to the Academy.

The subject "Contemporary India & Global Environment" has been introduced in the Foundation Course as a result of reorganization of the subjects taught in earlier foundation courses.

Contemporary India & Global Environment will henceforth be a very important input in the foundation courses.

The emphasis is on understanding the contemporary issues in India and be well informed of the international developments that have a bearing on the national policies. The subject is vast and dynamic as the current international and national developments have a direct bearing on it.

Selected reading materials have been compiled for your self – study with the hope that you will find it useful. However, the subject is such that it calls for regular reading for being well aware of the changes in the national and global scenario. I would request you to read the material before attending the related session when it is covered in the classes.

Please feel free to contact me or any of my colleagues in the faculty of Contemporary India & Global Environment for any clarification, discussion or feedback.



(Dushyant Nariale)

Faculty Co-ordinator

Contemporary India & Global Environment

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Gandhi and the Contemporary World*

MORARJI DESAI

I consider this Seminar of great importance for the whole human society. It is good that the subject merely says 'Gandhi and the Contemporary World' and it does not say, as is sometimes mentioned, the relevance of Gandhi today or in the modern world. I have spoken about the relevance of Gandhi on several occasions from several platforms in the past. But when we consider the subject of 'Gandhi and the Contemporary World,' it means very nearly the same thing; but it is manifestly a better formulation.

There are the views of some people that Gandhiji is not relevant in the modern scientific and industrial world because he was against machinery, as they put it. There is no greater fallacy or untruth than this or ignorance, if I may say so, of what he believed in and what he lived for. Gandhiji was the greatest idealist; and I have never seen a more practical person than Mahatma Gandhi in his attitude to the world and the whole human society. This is very clear from the fact that he never said anything at any time which he had not practised himself; and that is why people found it difficult to refute him in argument. Not only that, but he never said that we must accept whatever he said. He said we must accept what we consider as the truth. God may be a subject of controversy, and honestly so, but even those who have doubts about God would not say that truth can be doubted or can be in controversy.

*Inaugural address.

Truth is accepted by all—that truth is the best thing. I have never seen any person saying that truth is not the best or that lie is sometimes better. And it is truth which mattered most in his (Gandhi's) life. And that is what he propounded throughout his life of service to humanity. He believed that the whole human society is one and he wanted the whole human society to be happy. But we find that his life's activities began first, as a result of circumstances, in South Africa. And then he realized that unless India came into its own, it would not be possible for him to serve the whole human society. And unless India is free, the world will not be free. If such a huge country is enslaved, then it could be the cause of enslavement of many peoples in many parts of the world. And that is why he said that when India is free, the world also will be free. That is what has happened, and we see it today. It was only after India became free that more than a hundred countries all over the world have become free. And that is why he confined his activities to India for the best part of his life, after South Africa. He said that unless we do things in India itself and we show that we are doing them well, how can we serve others at all? One has to work where it can be accepted, and then the others can accept it. He never said that he had something new to teach. He said he was only trying to live according to truth which had been propounded in this country for ages, and he tried to live his life accordingly. And I have never seen anything like any fanaticism in whatever he said and did, because fanaticism is the enemy of truth. And therefore fanaticism does not help the world. Yet in the modern world, when science has made so much progress, there is more fanaticism today than at any time before. And then to say that he was against machinery is entirely wrong and a result of ignorance. He was not an unrealistic person.

Some people say that he wanted the world to go backwards to primitive life. Indeed, it is true that simple life is the best. When we do not have many needs, we are more independent and free, and there is less struggle. But simplicity is also a relative term; it depends upon the circumstances and on the surroundings. And in the modern world, where science has made great, striking progress and industrialization has taken grip over the whole human society, now to say that we will

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run away from it would be not only unreal, but it would also be giving up good things in order to escape from bad things. That way one can never preserve good things and one can never escape from bad things. He therefore only wanted that, whereas we should use machinery—whatever is there we can use—but we should not be mechanized and we should not become machines ourselves. I do not know how anybody can differ from it. If man becomes mechanical, then intelligence will have no use for him. And there will be no idealism also required. Machine has no idealism. And machine also comes from man. It does not come by itself. Therefore unless man preserves his capacities, it is not possible even to have progress in machinery. Moreover, machinery can be used both for destruction and for construction. Modern science has found nuclear energy. The same nuclear energy is posing a grave threat to the world today. And the most powerful nations today, who are fully armed with nuclear weapons, are themselves afraid. One good thing which has come out of it is this consciousness that in using this weapon the user also gets destroyed in trying to destroy others. There is no victor or vanquished; in a nuclear war nothing remains ultimately. Nobody wants to destroy himself; he wants to destroy others in order to be strong himself. That is why there is now a cry for peace in the world. What Gandhiji said was that peace must be sought for its own sake. Out of fear no peace can come. One must have love for peace and one must understand why it is necessary to have peace. Then only can peace be established, and not out of a fear of war. And that is why this country, under Gandhi's inspiration, has always said that we shall not use nuclear weapons under any circumstances. We shall not make them. There are differences about this also. There are people who say this is not right. But if we go deeply into it, we will find that if we do not want nuclear weapons in the world, then how can we have nuclear weapons ourselves? With what face can we ask other people to practise truth if we do not practise it ourselves and go under whenever we perceive a risk in telling the truth? Who will believe us? How can truth be propounded? That is really the problem in the world today. And this is the problem that Gandhiji tried to solve. It was a fortunate thing indeed that while he was living, there were different opinions about his relevance

in various quarters. There are scoffers even today. However I find today that most of the philosophers—the better minds—in all the countries of the world are coming to the conclusion that his (Gandhi's) is the only way which will save this contemporary world from destruction, and which will enable it to be happy while giving the people the capacity and opportunity for using all the advance in science and technology for the good of the world, for the good of society, and not for its destruction.

Gandhi was a phenomenon. And the phenomenon was also not accidental, because he came at a time when the world needed him. There is nothing unpurposeful in nature or in the creation of God—if you do not believe in God, I would say in Nature. Then he came here because it was here that he could be accepted. If he had been born anywhere else in the world, he would not have been followed. There have been people like him in other parts of the world. There was Thoreau, whom he considered as his teacher, in America; but he was not followed. There was Tolstoy in Russia, but he was not followed. There were Ruskin and Carlyle in England. Who followed them? *Unto the Last* was not followed there, but Gandhi took it up and followed it and found its philosophy confirmed. Because in this country there is still that kind of life which gives more importance to human values than to material values. Material values are not irrelevant in the world. For a majority of people, they matter more than spiritual values. But unless they are governed by basic principles, the material values lead us astray. It is that which causes jealousies, hatred, anger and war. And if that is to be resolved, there may be a pursuit of material values, but we may pursue them in a manner that we do not create hatred and jealousies.

I do not want to take a very long time because you are going to discuss many things, all aspects of Gandhian teaching and Gandhiji's life, and it is best that you discuss them fully and freely in your discussions. I wish I could take part in the discussions but, unfortunately, I cannot find the time. Otherwise I would be very happy to do it. Because I consider that what he has given us is not only meant for us, not only for India, but for the whole world, and we have got to understand it. We have got to live that life, if we believe in it. Therefore.

greater responsibility lies on those who believe in his philosophy A—of acting in their lives in conformity with his teachings. and that is what principally he taught when he said that means are more important than ends. Is this not an eternal truth? Is not truth eternal? Will it be irrelevant at any time in the world? Can unreality become reality? Reality is truth; unreality is untruth. And in science, the first principle of science is truth. We have to believe only that about which we are convinced. And we will not reject anything without fully going into it and without being convinced that it is wrong. It is the basic foundation of science. Otherwise nothing can be found in science. It has to be pursued truthfully. Therefore, it is far more relevant today than at any time before. I think it is eternally relevant, as we are all in search of happiness for the whole world. I believe that there could be no difference of opinion on that. There could be a difference of opinion on wheather that is possible or not. Some people may say that it is not possible; but those, who say it is not possible, will never make an attempt. We have therefore to convince people first that it is possible. And that the world can become a happy world, where all can live in peace. But those who believe in it and want to propagate it have got to live it in their day-to-day relations in society. That is the greatest lesson Gandhiji taught. That is what right means mean. We cannot do a wrong act and benefit somebody else. It may appear to our benefit. But it is only by right action that we can benefit somebody; and no act can be good unless it helps somebody and does not harm anybody. What is the meaning of the right means. If we say that the majority should be happy at the cost of minority, then it will not be true and it will also not be happiness. Happiness must be for all. It does not mean that all will be equal in everything. We are all equal as human beings, and therefore our urges for the service of humanity must be equal. But we expect others to serve us and we would not think about it ourselves. That is the real contradiction in life. We accept more from others and less from ourselves. We are ready to blame other people very easily but we do not see those faults in ourselves. That it where Gandhiji contributed most. I have never seen another person myself who disarmed opposition so much by his friendliness. Even those who opposed him or tried to harm him, he

also served them and he had no ill-feeling for anybody. And that is the lesson which people will have to learn; it cannot be learned easily. One has to pay a lot of price for it, which he did; and that must be paid here otherwise we cannot make it. These are matters which he taught through his life.

There have always been people in the world who have come to the world and taught us many things. And that is how the world goes on and progresses. But Gandhi was different from all those people in one matter. In this country, our teachers generally left the worldly affairs and they became ascetics, and then they taught as ascetics. But Gandhiji remained as an ordinary person and lived an ordinary life and taught by his example to ordinary men and women. He never expected anything more than a person was capable of doing. I remember one very significant instance. When he launched the movement of *Satyagraha* in 1930 and left his *Ashram* and went on *Dandi* march, one of the inmates in the *Ashram* said to him that he will not be able to go to jail or do civil disobedience because his family was in need of him, and that this was required or that was required. Gandhiji promptly told him, "Yes, your duty is there, do it properly. I do not want you to be here." He did not want to put any more burden on him than the man could bear. And that is how he raised the capacity of every person. This is what a teacher does. That is what teachers are expected to do, but I do not know whether they are doing it or not; they are hardly doing it, if I may say so. There are some yet who do it. I cannot say all teachers are like that. As a matter of fact only a few teachers go wrong. But poison is only small in quantity, but devastating in its effect. That is what happens in the world.

We were told here just now by the Vice-Chancellor (Jawaharlal Nehru University) that there is great restlessness here, and that restlessness must be there in the youth. We do not know whether restlessness is a sign of life. Restlessness is often a sign of destruction. One should not be complacent. One should not be indifferent. One should be active. But one should not be restless. When we are restless, we lose our sense of balance and do senseless acts, and to justify them we give rather senseless arguments. This is what happens. Now should not teachers teach this? But unless they learn themselves, how

are they to teach? Now this is how Gandhiji taught us. He was the greatest propounder of nonviolence, but he was intensely practical. He knew that ordinary persons cannot be completely nonviolent. But what he objected to most was cowardice. Because cowardice is at the root of man's worst illness and unhappiness. Fearlessness is the thing that he wanted to bring in life. He attached great importance to fearlessness. For if there is complete fearlessness, nonviolence becomes easy of access. Without fearlessness, there could be no complete nonviolence. Therefore he said one should not run away from a scuffle or struggle out of fear and then say he is nonviolent, and therefore he will not defend himself: that is cowardice, which does not help us at all. Hence we should defend ourselves, even violently, if necessary, but not run away. The best defence is nonviolence no doubt; however nonviolence is more easily said than practised. But those who propagate nonviolence have to live and behave in a nonviolent manner in everything that they do. There will be few such people, but they will bring in nonviolence on the whole into society.

As a matter of fact nobody is violent all the twenty-four hours. Nobody is a liar all the while. Indeed, the greatest liar probably tells lies only for half an hour in a day. He does and says twenty-three-and-a-half hours only what is right and truthful. He has to. Because if he tells that I do not want to eat and tells lies like that, nobody will give him food. Therefore it is possible to be truthful. Convert twenty-three and a half hours into twenty-four hours because it is not possible to convert half-an-hour into twenty-four hours. Even in violence, the most violent man is not violent all the while. If he is violent all the while he will be dead and he cannot live. Therefore it is possible to get the spirit of nonviolence rather than violence. But it requires the greatest amount of fearlessness, complete fearlessness and humility; and humility is a very scarce commodity. If I say I am humble, I am not. That is the meaning of it. That is why Gandhi taught all these things in life and took interest in every activity of life and he applied it to himself first. And then he advised other people; and that is why he succeeded in creating an atmosphere in this country which was far more useful for the rejuvenation of this country. And that is why India got its freedom; otherwise it would not

have got its freedom. This is what I believe and feel; there could be other people who may doubt it. However whatever he taught us, we tried to give it up after freedom to our cost. Lately, we have realized it, and that is why we are trying to go back again on that path. Perhaps, we fallible people, weak people, may not be able to do it completely; but we must consciously try to do it more and more. And in the measure that we will try to do it, and we actually do it, I think he will be more relevant. That is a great lesson I have learnt from him.

I, therefore, attach very great importance to this Seminar, and I hope the members of the Seminar will go into the practical aspects, too, rather than get lost in intellectual flights. Otherwise truth will not be obtained. Truth is simple. It is not complicated. It is only a lie which is complicated. And we require many reasons to justify a lie. But for justifying truth we do not have to give any reason whatsoever. What is our test for acquiring truth? It is this that one who has acquired truth is believed without argument. And that is why when one tries to do that, the language becomes simpler, and not complicated. When one uses language which is understood by very few people, perhaps not even by the person who uses it, it only means that there is want of clarity in him. And, therefore, he has not been able to make it. This is the test which Gandhiji applied. And therefore in the language that he used, whether it was English, Gujarati or Hindi, it was the simplest language used by anybody in the world. It was based on truth, based on practice and experience; and this is a lesson which is very necessary for contemporary life. Learning is useful, but if learning does not give wisdom, it will make people bigots. That is most dreadful. And, therefore, if wisdom is to obtain—which alone can lead people to sanity and a human society which is happy throughout the world—then we will have to learn the lesson of truth and humility which cannot come without complete fearlessness. Let us therefore learn that from him, instead of merely discussing his ideas from time to time.

How Does Culture Matter?

AMARTYA SEN

Introduction

Sociologists, anthropologists, and historians have often commented on the tendency of economists to pay inadequate attention to culture in investigating the operation of societies in general and the process of development in particular. While we can consider many counterexamples to the alleged neglect of culture by economists, beginning at least with Adam Smith (1776/1976, 1790/1976), John Stuart Mill (1859/1974, 1861/1962), or Alfred Marshall (1891), nevertheless, as a general criticism, the charge is, to a considerable extent, justified.

This neglect (or perhaps more accurately, *comparative* indifference) is worth remedying, and economists can fruitfully pay more attention to the influence of culture on economic and social matters. Further, development agencies such as the World Bank may also reflect, at least to some extent, this neglect, if only because they are so predominately influenced by the thinking of economists and financial experts.¹ The economists' skepticism of the role of culture may thus be indirectly reflected in the outlooks and approaches of institutions like the World Bank. No matter how serious this neglect is (and here assessments can differ), the cultural dimension of development requires closer scrutiny in development analysis. It is important to investigate the different ways—and they can be very diverse—in which culture should be taken into account in examining the challenges of development, and in assessing the demands of sound economic strategies.

The issue is not *whether* culture matters, to consider the title of an important and highly successful book jointly edited by Lawrence Harrison and Samuel Huntington (2000). That it must be, given the pervasive

influence of culture in human life. The real issue, rather, is *how*—not whether—culture matters. What are the different ways in which culture may influence development? How can the influences be better understood, and how might they modify or alter the development policies that seem appropriate? The interest lies in the nature and forms of the connections and on their implications for action and policy, not merely in the general—and hardly deniable—belief that culture does matter.

I discuss these “how” questions in this essay, but in the process I must also take up some “how *not*” questions. There is some evidence, I shall argue, that in the anxiety to take adequate note of the role of culture, there is sometimes a temptation to take rather formulaic and simplistic views of the impact of culture on the process of development. For example, there seem to be many supporters of the belief—held explicitly or by implication—that the fates of countries are effectively *sealed* by the nature of their respective cultures. This would be not only a heroic oversimplification, but it would also entail some assignment of hopelessness to countries that are seen as having the “wrong” kind of culture. This is not just politically and ethically repulsive, but more immediately, it is, I would argue, also epistemic nonsense. So a second object of this essay is to take up these “how not” issues.

The third object of the chapter is to discuss the role of learning from each other in the field of culture. Even though such transmission and education may be an integral part of the process of development, their role is frequently underestimated. Indeed, since each culture is often taken, not implausibly, to be unique, there can be a tendency to take a somewhat insular view of culture. In understanding the process of development, this can be particularly deceptive and substantively counterproductive. Indeed, one of the most important roles of culture lies in the possibility of learning from each other, rather than celebrating or lamenting the rigidly delineated cultural boxes in which the people of the world are firmly classified by muscular taxonomists.

Finally, while discussing the importance of intercultural and intercountry communication, I must also discuss the threat—real or perceived—of globalization and the asymmetry of power in the contemporary world. The view that local cultures are in danger of destruction has often been expressed, and the belief that something should be done to resist this can have considerable plausibility. How this possible threat should be understood and what can be done to address—and if necessary counter—it are also important subjects for development analysis. That is the fourth and final issue that I intend to scrutinize.

It is particularly important to identify the different ways in which culture can matter to development (Rao and Walton, this volume; Wolfensohn 2000). The following categories would seem to have some immediacy as well as far-reaching relevance.

1. *Culture as a constitutive part of development.* We can begin with the basic question: what is development for? The furtherance of well-being and freedoms that we seek in development cannot but include the enrichment of human lives through literature, music, fine arts, and other forms of cultural expression and practice, which we have reason to value. When Julius Caesar said of Cassius, "He hears no music: seldom he smiles," this was not meant to be high praise for Cassius's quality of life. To have a high GNP per head but little music, arts, literature, etc., would not amount to a major developmental success. In one form or another, culture engulfs our lives, our desires, our frustrations, our ambitions, and the freedoms that we seek.² The freedom and opportunity for cultural activities are among the basic freedoms the enhancement of which can be seen to be constitutive of development.³

2. *Economically remunerative cultural activities and objects.* Various activities that are economically remunerative may be directly or indirectly dependent on cultural facilities and more generally on the cultural environment.⁴ The linkage of tourism with cultural sites (including historical ones) is obvious enough.⁵ The presence or absence of crime or welcoming traditions may also be critical to tourism and in general to domestic as well as cross-boundary interactions. Music, dancing, and other cultural activities may also have a large commercial—often global—market. The presence of centers of such artistic activities can, in addition, help to attract people to particular countries or regions, with various indirect effects.

There can, of course, be room for doubt as to whether cultural—including religious—objects or sites should be used for the purpose of earning money, and it may well be decided that in some cases, in which the significance of the objects or sites are threatened by commercial use, the opportunity of earning an income should be forgone. But even after excluding commercial uses that can be threatening, there will tend to remain plenty of other opportunities to combine economic use with cultural pursuits. Furthermore, people who come to visit well-administered sites of cultural or religious importance, without any direct commercial involvement, could still, indirectly, boost the tourist trade of the country or region as a whole.

3. *Cultural factors influence economic behavior.* Even though some economists have been tempted by the idea that all human beings behave in much the same way (for example, relentlessly maximize their self-interest defined in a thoroughly insulated way), there is plenty of evidence to indicate that this is not in general so. Cultural influences can make a major difference to work ethics, responsible conduct, spirited motivation, dynamic management, entrepreneurial initiatives, willingness to take risks, and a variety of other aspects of human behavior which can be critical to economic success (Sen 1973, 1982; Basu 1980; Hirschman 1982; Margolis 1982; Akerlof 1984; Frank 1985, 1988; Granovetter 1985; Elster 1986; Mansbridge 1990; Ostrom 1990, 1998; Greif 1994a,b; Brittan and Hamlin 1995; Fukuyama 1995; Zamagni 1995; Becker 1996; Hausman and McPherson 1996; Frey 1997a,b; Ben-Ner and Putterman 1998; Akerlof and Kranton 2000; Throsby 2001).

Also, successful operation of an exchange economy depends on mutual trust and implicit norms. When these behavioral modes are plentifully there, it is easy to overlook their role. But when they have to be cultivated, that lacuna can be a major barrier to economic success. There are plenty of examples of the problems faced in precapitalist economies because of the underdevelopment of basic virtues of commerce and business.

The culture of behavior relates to many other features of economic success. It relates, for example, to the prevalence or absence of economic corruption and its linkages with organized crime. In Italian discussions on this subject, in which I was privileged to take part through advising the Anti-Mafia Commission of the Italian parliament, the role and reach of implicit values was much discussed.⁶ Culture also has an important role in encouraging environment-friendly behavior (Ostrom 1990, 1998; Putnam, Leonardi, and Nanetti 1993; Putnam 1993). The behavioral contribution of culture would vary with the challenges encountered in the process of economic development.

4. *Culture and political participation.* Participation in civil interactions and political activities is influenced by cultural conditions. The tradition of public discussion and participatory interactions can be very critical to the process of politics, and can be important for the establishment, preservation, and practice of democracy. The culture of participation can be a critical civic virtue, as was extensively discussed by Condorcet, among other leading thinkers of European Enlightenment (Condorcet 1795/1955; Hume 1777/1966; Smith 1790/1976).

Aristotle did, of course, point out that human beings tend to have a natural inclination toward civil interaction with each other. And yet the extent of political participation can vary between societies. In particular,

political inclinations can be suppressed not only by authoritarian rules and restrictions, but also by a "culture of fear" that political suppression can generate. There can also be a "culture of indifference" drawing on skepticism that turns into apathy. Political participation is critically important for development, both through its effects on the assessment of ways and means, and even through its role in the formation and consolidation of values in terms of which development has to be assessed (Sen 1999).

5. *Social solidarity and association.* Aside from economic interactions and political participation, even the operation of social solidarity and mutual support can be strongly influenced by culture. The success of social living is greatly dependent on what people may spontaneously do for each other. This can profoundly influence the working of the society, including the care of its less fortunate members as well as preservation and guardianship of common assets. The sense of closeness to others in the community can be a major asset for that community. The advantages flowing from solidarity and supportive interactions have received much attention recently through the literature on "social capital" (Ostrom 1990, 1998; Putnam, Leonardi, and Nanetti 1993; Putnam 1993).⁷

This is an important new area of social investigation. There is, however, a need to scrutinize the nature of "social capital" as "capital"—in the sense of a general purpose resource (as capital is taken to be). The same sentiments and inclinations can actually work in opposite directions, depending on the nature of the group involved. For example, solidarity within a particular group (for example, long-term residents of a region) can go with a less than friendly view of nonmembers of that group (such as new immigrants). The influence of the same community-centered thinking can be both positive for intracommunity relations and negative in generating or sustaining exclusionary tendencies (including violent "anti-immigrant" sentiments and actions, as can be observed in some regions of impeccable "within community" solidarity). Identity-based thinking can have dichotomous features, since a strong sense of group affiliation can have a cementing role within that group while encouraging rather severe treatment of nonmembers (seen as "others" who do not "belong"). If this dichotomy is right, then it may be a mistake to treat "social capital" as a general-purpose asset (as capital is, in general, taken to be), rather than as an asset for some relations and a liability for others. There is, thus, room for some searching scrutiny of the nature and operation of the important, but in some ways problematic, concept of "social capital."

6. *Cultural sites and recollection of past heritage.* Another constructive possibility is the furtherance of a clearer and broader understanding of a country's or community's past through systematic exploration of its cul-

tural history. For example, by supporting historical excavations, explorations and related research, development programs can help to facilitate a fuller appreciation of the breadth of—and internal variations within—particular cultures and traditions. History often includes much greater variety of cultural influences and traditions than tends to be allowed by intensely political—and frequently ahistorical—interpretations of the present. When this is the case, historical objects, sites and records can help to offset some of the frictions of confrontational modern politics.

For example, Arab history includes a long tradition of peaceful relation with Jewish populations. Similarly, Indonesian past carries powerful records of simultaneous flourishing of Hindu, Buddhist, and Confucian cultures, side by side with the Islamic traditions. Butrint in Albania as a historical site shows flourishing presence of Greek, Roman, and later Christian cultures, as well as Islamic history. The highlighting of a diverse past that may go with the excavation, preservation, and accessibility of historical objects and sites can, thus, have a possible role in promoting toleration of diversity in contemporary settings, and in countering confrontational use of “monocultural” readings of a nation’s past.

For example, the recent attempt by Hindu activists to see India as just a “Hindu country,” in which practitioners of other religions must have a less privileged position, clashes with the great diversity of Indian history. This includes a thousand years of Buddhist predominance (with sites all over India), a long history of Jain culture, conspicuous presence of Christians from the fourth century and of Parsees from the eighth, Muslim settlements of Arab traders in South India from about the same time, massive interactions between Muslims and Hindus all over the country (including new departures in painting, music, literature, and architecture), the birth and flourishing of Sikhism (as a new Indian religion that drew on but departed from previous ones), and so on. The recollection of history can be a major ally in the cultivation of toleration and celebration of diversity, and these are—directly and indirectly—among important features of development.⁸

7. *Cultural influences on value formation and evolution.* Not only is it the case that cultural factors figure among the ends and means of development, they can also have a central role even in the formation of values. This in turn can be influential in the identification of our ends and the recognition of plausible and acceptable instruments to achieve those ends. For example, open public discussion—itself a cultural achievement of significance—can be powerfully influential in the emergence of new norms and fresh priorities.

Indeed, value formation is an interactive process, and the culture of talk-

ing and listening can play a significant part in making these interactions possible. As new standards emerge, it is public discussion as well as proximate emulation that may spread the new norms across a region and ultimately between regions. For example, the emergence of norms of low fertility rates, or nondiscrimination between boys and girls, or wanting to send children to schools, and so on, are not only vitally important features of development, they may be greatly influenced by a culture of free discussion and open public debate, without political barriers or social suppression (Basu 1992; Sen, Germain, and Chen 1994; Drèze and Sen 1995, 2002).

Integration

In seeing the role of culture in development, it is particularly important to place culture in an adequately capacious framework. The reasons for this are not hard to seek. First, influential as culture is, it is not uniquely pivotal in determining our lives and identities. Other things, such as class, race, gender, profession, and politics also matter, and can matter powerfully. Our cultural identity is only one of many aspects of our self-realization and is only one influence among a great many that can inspire and influence what we do and how we do it. Further, our behavior depends not only on our values and predispositions, but also on the hard facts of the presence or absence of relevant institutions and on the incentives—prudential or moral—they generate (North 1981, 1990; Ostrom 1990, 1998; Douglas 1992; Blau 1993; Goody 1996; Bowles 1998; Platteau 2000; Arizpe, this volume; Sen 1984).

Second, culture is not a homogeneous attribute—there can be great variations even within the same general cultural milieu. Cultural determinists often underestimate the extent of heterogeneity within what is taken to be “one” distinct culture. Discordant voices are often “internal,” rather than coming from outside. Since culture has many aspects, heterogeneity can also arise from the particular components of culture on which we decide to concentrate (for example, whether we look particularly at religion, or at literature, or at music, or generally at the style of living).⁹

Third, culture absolutely does not sit still. Any presumption of stationarity—explicit or implicit—can be disastrously deceptive. To talk of, say, the Hindu culture, or for that matter the Indian culture, taken to be well defined in a temporally stationary way, not only overlooks the great variations within each of these categories, but also ignores their evolution and their large variations over time. The temptation toward using cultural determinism often takes the hopeless form of trying to fix the cultural anchor on a rapidly moving boat.

Finally, cultures interact with each other and cannot be seen as insulated structures. The isolationist view—often implicitly presumed—can be deeply delusive (Goody 1996; Throsby 2001). Sometimes we may be only vaguely aware how an influence came from outside, but it need not be unimportant for that reason. For example, while chili was unknown in India before the Portuguese brought it there in the 16th century, it is now a thoroughly Indian spice.¹⁰ Cultural features—from the most trivial to the most profound—can change radically, sometimes leaving little trace of the past behind.

Taking culture to be independent, unchanging and unchangeable can indeed be very problematic. But that, on the other hand, is no reason for not taking full note of the importance of culture seen in an adequately broad perspective. It is certainly possible to pay adequate attention to culture, along with taking into account all the qualifications just discussed. Indeed, if culture is recognized to be nonhomogeneous, nonstatic, and interactive, and if the importance of culture is integrated with rival sources of influence, then culture can be a very positive and constructive part in our understanding of human behavior and of social and economic development.

Bigotry and Alienation

However, the “how not” issue does deserve extremely serious attention, since rapid-fire cultural generalizations can not only undermine a deeper understanding of the role of culture, but also serve as a tool of sectarian prejudices, social discrimination, and even political tyranny. Simple cultural generalizations have great power in fixing our way of thinking, and often enough they are not just harmless fun. The fact that such generalizations abound in popular beliefs and in informal communication is easily recognized. Not only are these underexamined implicit beliefs the subject matter of many racist jokes and ethnic slurs, they sometimes surface as pernicious grand theories. When there is an accidental correlation between cultural prejudice and social observation (no matter how casual), a theory is born, and it may refuse to die even after the chance correlation vanishes altogether.

For example, concocted jokes against the Irish (such crudities as “how many Irishmen do you need to change a light bulb”), which have had some currency in England for a long time, appeared to fit well with the depressing predicament of the Irish economy, when the Irish economy was doing quite badly. But when the Irish economy started growing astonishingly rapidly—indeed faster than any other European economy (as

it did, for many years)—the cultural stereotyping and its allegedly profound economic and social relevance were not junked as sheer and unmitigated rubbish. Theories have lives of their own, quite defiantly of the phenomenal world that can be actually observed.

As it happens, cultural prejudice did play a role in the treatment that Ireland received from the British government, and had a part even in the nonprevention of the famines of the 1840s, which killed a higher proportion of the population than in any other recorded famine. Joel Mokyr (1983) has discussed the contribution of cultural alienation in London's treatment of Irish problems.¹¹ As Lebow has argued, while poverty in Britain was typically attributed to economic change and fluctuations, Irish poverty was widely viewed in England as being caused by laziness, indifference, and ineptitude, so that "Britain's mission" was not seen as one "to alleviate Irish distress but to civilize her people and to lead them to feel and act like human beings."¹²

The cultural roots of the Irish famines extend, in this sense, at least as far back as Spenser's *Faerie Queene*, published in 1590, and perhaps even earlier. The art of blaming the victims, plentifully present in the *Faerie Queene* itself, survived through the famines of the 1840s, and the Irish taste for potato was added to the list of the calamities which the natives had, in English view, brought on themselves. Charles Edward Trevelyan, the Head of the Treasury during the famines, expressed his belief that Britain had done what it could for Ireland, even as the famine—with little public relief—killed rampantly, and even as ship after ship, laden with wheat, oats, cattle, pigs, eggs, and butter, sailed down the Shannon, bound for England (which had greater purchasing power than starving Ireland and could buy what the Irish—hit by the potato blight—could not afford). Trevelyan also pointed to some remarkable cultural explanations of the hunger, including: "There is scarcely a woman of the peasant class in the West of Ireland whose culinary art exceeds the boiling of a potato."¹³

The connection between cultural bigotry and political tyranny can be very close. The asymmetry of power between the ruler and ruled can be combined with cultural prejudices in explaining failures of governance, as is spectacularly observed through the Irish famines of the 1840s (O Grada 1989; Eagleton 1995; Mokyr 1983; Woodham-Smith 1962). Similar use of cultural prejudice for political irresponsibility (or worse) can also be seen in the history of European empires in Asia and Africa. Winston Churchill's famous remark that the Bengal famine of 1943 was caused by the tendency of people there to "breed like rabbits" belongs to this general tradition of blaming the colonial victim, and it had a profound effect in crucially delaying famine relief in that disastrous famine.¹⁴ Cultural critiques

of the victims can be used by the rulers to justify hugely inefficient—as well as deeply iniquitous—tyrannies.

Cultural Determinism

While the marriage of cultural prejudice and political asymmetry can be quite lethal, the need to be cautious about jumping to cultural conclusions is more pervasive. It can even influence the way experts see the nature and challenges of economic development. Theories are often derived from fairly scanty evidence. Half-truths or quarter-truths can grossly mislead—sometimes even more than straightforward falsity, which is easier to expose.

Consider, for example, the following argument from the influential and important book jointly edited by Lawrence Harrison and Samuel Huntington called *Culture Matters* (to which I referred earlier), and in particular from Huntington's introductory essay in that volume called "Cultures Count":

In the early 1990s, I happened to come across economic data on Ghana and South Korea in the early 1960s, and I was astonished to see how similar their economies were then. . . . Thirty years later, South Korea had become an industrial giant with the fourteenth largest economy in the world, multinational corporations, major exports of automobiles, electronic equipment, and other sophisticated manufactures, and per capital income approximately that of Greece. Moreover it was on its way to the consolidation of democratic institutions. No such changes had occurred in Ghana, whose per capita income was now about one-fifteenth that of South Korea's. How could this extraordinary difference in development be explained? Undoubtedly, many factors played a role, but it seemed to me that culture had to be a large part of the explanation. South Koreans valued thrift, investment, hard work, education, organization, and discipline. Ghanians had different values. In short, cultures count. (Harrison and Huntington 2000, xiii)

There may well be something of interest in this engaging comparison (perhaps even a quarter-truth torn out of context), and the contrast does call for probing examination. And yet, as used in the explanation just cited, the causal story is extremely deceptive. There were many important differences—other than their cultural predispositions—between Ghana and Korea in the 1960s when they appeared to Huntington to be much the same, except for culture. First, the class structures in the two countries were quite different, with a very much bigger—and proactive—role of business classes in South Korea. Second, the politics were very different too, with the government in South Korea willing and eager to play a prime-moving role in initiating a business-centered economic develop-

ment in a way that did not apply to Ghana. Third, the close relationship between the Korean economy and the Japanese economy, on the one hand, and the United States, on the other, made a big difference, at least in the early stages of Korean development. Fourth—and perhaps most important—by the 1960s South Korea had acquired a much higher literacy rate and much more expanded school system than Ghana had. The Korean changes had been brought about in the post-World War II period, largely through resolute public policy, and it could not be seen just as a reflection of age-old Korean culture (McGinn et al. 1980).

On the basis of the slender scrutiny offered, it is hard to justify either the cultural triumphalism in favor of Korean culture, or the radical pessimism about Ghana's future that the reliance on cultural determinism would tend to suggest. Neither can be derived from the overrapid and underanalyzed comparison that accompanies the heroic diagnostics. As it happens, South Korea did not rely just on its traditional culture. From the 1940s onward, it deliberately followed lessons from abroad to use public policy to advance its backward school education.

And it has continued to learn from global experience even today. Sometimes the lessons have come from experience of failure rather than success. The East Asian crisis that overwhelmed South Korea among other countries in the region brought out some of the penalties of not having a fully functioning democratic political system. When things moved up and up together, the voice that democracy gives to the underdog may not have been immediately missed, but when the economic crisis came, and divided they fell (as they typically do in such a crisis), the newly impoverished missed the voice that democracy would have given them to use for protest and to demand economic redress. Along with the recognition of the need to pay attention to downside risks and to economic security, the bigger issue of democracy itself became a predominant focus of attention in the politics of economic crisis. This happened in the countries hit by the crisis, such as South Korea, Indonesia, Thailand, and others, but there was also a global lesson here about the special contribution of democracy in helping the victims of disaster, and the need to think not only about "growth with equity" (the old Korean slogan), but also about "downturn with security" (Sen 1999).

Similarly, the cultural damning of the prospects of development in Ghana and other countries in Africa is simply overhasty pessimism with little empirical foundation. For one thing, it does not take into account how rapidly many countries—South Korea included—have changed, rather than remaining anchored to some fixed cultural parameters. Misidentified quarter-truths can be dreadfully misleading.

There have, of course, been various earlier attempts at cultural determinism in explaining economic development. Indeed, a century ago, Max Weber (1930), the great sociologist, had presented a major thesis on the decisive role of Protestant ethics (in particular, of Calvinist ethics) in the successful development of a capitalist industrial economy. Weberian analysis of the role of culture in the emergence of capitalism drew on the world as he had observed it in the late 19th century.¹⁵ It is of particular dialectical interest in the contemporary world in light especially of the recent success of market economies in non-Protestant and even non-Christian societies.

Max Weber was particularly clear that Confucianism was quite unsuited for a dynamic industrial economy. "The Calvinist ethic," Anthony Giddens summarizes Weber, "introduced an activism into the believer's approach to worldly affairs, a drive to mastery in a quest for virtue in the eyes of God, that are altogether lacking in Confucianism," adding: "Confucian values do not promote such rational instrumentalism."¹⁶ In sharp contrast with this view, many writers in present-day Asia make the opposite claim that Confucian ethics is particularly suited for success of industrial and economic progress, as illustrated by the performance of East Asia. There have, in fact, been several different theories seeking explanation of the high performance of East Asian economies in terms of local culture. Michio Morishima (a great economist) has traced the roots of "the Japanese ethos" to the special history of its feudal system; Ronald Dore (a great sociologist) has emphasized the contribution of "Confucian ethics"; Eiko Ikegami (a brilliant young Japanese historian) has focused on the influence of the "Samurai code of honour."¹⁷

There is much to learn from these theories, and the empirical connections they have brought out have been insightful. And yet it is also remarkable how the specific aspects of cultural explanations, based on observing the past, have often foundered in the light of later experience. Indeed, theories of cultural determinism have often been one step behind the actual world. By the time Max Weber's privileging of "Protestant ethics" (based on 19th-century experience) was getting widely recognized, many of the Catholic countries, including France and Italy, were beginning to grow faster than Protestant Britain or Germany. The thesis had to be, then, altered, and the privileged culture was taken more generally to be Christian and western, rather than specifically Protestant.

However, by the time that Eurocentric view of the culture of development got established, Japan was growing much faster than the West. So Japan had to be included in the privileged category, and there was useful work on the role of Japanese ethos, Samurai culture, etc. But, by the time

the specialness of Japan was well understood, the East Asian economies were growing very fast, and there was a need to broaden the theory of Japan's specialness to include the wider coverage of "Confucian" ethics and a wider and a more spacious regional tradition, fuzzily described as "Asian values." However, by the time that "Confucian" theory had become well established, the fastest growing economy in the world was Thailand, which is a Buddhist country. Indeed, Japan, Korea, China, and Taiwan too have much Buddhist influence in their culture. The grand cultural theories have a propensity to trail one step behind the world of practice, rather than serving as a grand predictive device.

This record need not, however, be seen as one of embarrassment, since we have learned many things from a closer understanding of the cultural linkages emerging from these specialized studies. But attempts to view culture as a singular, stationary and independent source of development have not—and could not have—worked.

Just to illustrate, consider Korea again, which is often seen as a quintessential exemplification of the power of "Asian values" and of the reach of Confucian ethics in industrial development. Confucianism has indeed been a major cultural influence in this country, but there have been many different interpretations of Confucianism. For example, in the 15th century onward, the "Neo-Confucian literati" (*Sarim*) challenged the earlier readings of Confucianism, and interpretational disputes were powerfully pursued by the different sides. Neo-Confucians themselves divide into different schools, according to different lines of division, including the classic Chinese distinction between *li* and *ch'i* (called, I understand, *i* and *ki* in Korea). In the 17th and early 18th century, the contest between the "Old Doctrine" (*Noron*), led by Song Si-yol, and the "Young Doctrine" (*Soron*), led by Yun Chung, related in part to different views of good behavior and of good social arrangements. Confucianism does not speak in one voice, and the particular emphasis on *li* (or *i*, in Korean) in the authoritarian interpretations of Confucius is by no means the only claim that obtains loyalty.

There are also influences other than Confucianism. Buddhism, as was mentioned before, has been a major force in Korea, as it has been in China and Japan. From the seventh century when Buddhism became the state religion, it has had political ups and downs, but a constant cultural presence in this country. Christianity too has had a major presence in Korea, and from the 18th century, regular intellectual confrontations can be seen between the creed of so-called western learning, which disputed Confucian orthodoxy, along with other challengers, such as the individualist doctrines of the Wang Yang-ming school of Neo-Confucianism, and

of course various theorists of Buddhism. The richness and diversity in Korea's cultural past cannot be reduced into a simple story of cultural determinism, woven around an allegedly homogeneous Confucian ethics, or the overarching role of an ill-defined "Asian values" (Han 1971; Henthorn 1971; Lee 1984).

Interdependence and Learning

While culture does not work in isolation from other social influences, once we place culture in adequate company, it can greatly help to illuminate our understanding of the world, including the process of development and the nature of our identity. Let me refer again to South Korea, which was a much more literate and more educated society than Ghana in the 1960s (when the two economies appeared rather similar to Huntington). The contrast, as was already mentioned, was very substantially the result of public policies pursued in South Korea in the post-World War II period.

To be sure, the postwar public policies on education were also influenced by antecedent cultural features. It would be surprising had there been no such connection. In a two-way relation, just as education influences culture, so does antecedent culture have an effect on educational policies. It is, for example, remarkable that nearly every country in the world with a powerful presence of Buddhist tradition has tended to embrace widespread schooling and literacy with some eagerness. This applies not only to Japan and Korea, but also to China, and Thailand, and Sri Lanka. Indeed, even miserable Burma, with a dreadful record of political oppression and social neglect, still has a higher rate of literacy than its neighbors in the subcontinent. Seen in a broader framework, there is probably something here to investigate and learn from.¹⁸

It is, however, important to see the interactive nature of the process in which contact with other countries and the knowledge of their experiences can make a big difference in practice. There is every evidence that when Korea decided to move briskly forward with school education at the end of the second world war, it was influenced not just by its cultural interest in education, but also by a new understanding of the role and significance of education, based on the experiences of Japan and the West, including the United States (Lee 1984; McGinn et al. 1980).

There is a similar story, earlier on, of interaction and response in Japan's own history of educational development. When Japan emerged from its self-imposed isolation from the world from the beginning of the 17th century, under the Tokugawa regime, it already had a relatively well-developed

school system, and in this Japan's traditional interest in education would have played a significant part. Indeed, at the time of Meiji restoration in 1868, Japan had a higher rate of literacy than Europe, despite being economically quite underdeveloped. And yet the rate of literacy in Japan was still low (as indeed it was in Europe too), and no less importantly the Japanese education system was quite out of touch with knowledge and learning in the industrializing West.¹⁹ When, in 1852, Commodore Mathew Perry chugged into the Edo Bay, puffing black smoke from the newly designed steamship, the Japanese were not only impressed—and somewhat terrified—and were driven to accept diplomatic and trade relations with the United States, they also had to reexamine and reassess their intellectual isolation from the world. This contributed to the political process that led to the Meiji restoration, and along with that came a determination to change the face of Japanese education. In the so-called Charter Oath, proclaimed also in 1868, there is a firm declaration on the need to “seek knowledge widely throughout the world” (Cummings 1980, 17).

The Fundamental Code of Education issued three years later, in 1872, put the new educational determination in unequivocal terms: “There shall, in the future, be no community with an illiterate family, nor a family with an illiterate person.”²⁰ Kido Takayoshi, one of the most influential leaders of that period, put the basic issue with great clarity:

Our people are no different from the Americans or Europeans of today; it is all a matter of education or lack of education.²¹

That was the challenge that Japan took on with determination, and things moved rapidly forward.

Between 1906 and 1911, education consumed as much as 43% of the budgets of the towns and villages, for Japan as a whole (Gluck 1985). By 1906, the recruiting army officers found that, in contrast with late 19th century, there was hardly any new recruit who was not literate. By 1910, it is generally acknowledged that Japan had universal attendance in primary schools. By 1913, even though Japan was still economically very poor and underdeveloped, it had become one of the largest producers of books in the world—publishing more books than Britain and indeed more than twice as many as the United States. Indeed, Japan's entire experience of economic development was, to a great extent, driven by human capability formation, which included the role of education and training, and this was promoted *both* by public policy and by a supportive cultural climate (interacting with each other). The dynamics of associative relations are extraordinarily important in understanding how Japan laid the foundations of its spectacular economic and social development.

To carry the story further, Japan was not only a learner but also a great teacher. Development efforts of countries in East and Southeast Asia were profoundly influenced by Japan's experience in expanding education and its manifest success in transforming society and the economy.²² There is a fund of cultural and economic wisdom there from which the world can draw lessons in development. India today may be immensely more advanced technologically and even economically than Japan in the Meiji period, and yet India is paying a very heavy price for ignoring the cultural lessons on the critical role of basic education that emerged so profoundly in the economically poor and politically primitive Meiji Japan (Drèze and Sen 1995, 2002).

Cultural interrelations within a broad framework does indeed provide a useful focus for our understanding. It contrasts both with neglecting culture altogether (as some economic models do), and also with the privileging of culture in stationary and isolated terms (as is done in some social models of cultural determinism). We have to go well beyond both and *integrate* the role of culture with other aspects of our life.

Cultural Globalization

I turn now to what may appear to be a contrary consideration. It might be asked, in praising intercountry interactions and the positive influence of learning from elsewhere, am I not overlooking the threat that global interrelations pose to integrity and survival of local culture? In a world that is so dominated by the "imperialism" of the culture of the western metropolis, surely the basic need is, it can be argued, to strengthen resistance, rather than to welcome global influence.

Let me first say that there is no contradiction here. Learning from elsewhere involves freedom and judgment, not being overwhelmed and dominated by outside influence without choice, without scope for one's volitional agency. The threat of being overwhelmed by the superior market power of an affluent West, which has asymmetric influence over nearly all the media, raises a different type of issue altogether. In particular, it does not contradict in any way the importance of learning from elsewhere.

But how should we think about global cultural invasion itself as a threat to local cultures? There are two issues of particular concern here. The first relates to the nature of market culture in general, since that is part and parcel of economic globalization. Those who find the values and priorities of a market-related culture vulgar and impoverishing (many who take this view belong to the West itself) tend to find economic globalization to be objectionable at a very basic level.²³ The second issue concerns the

asymmetry of power between the West and the other countries, and the possibility that this asymmetry may translate into destruction of local cultures—a loss that may culturally impoverish nonwestern societies. Given the constant cultural bombardment that tends to come from the western metropolis (through MTV to Kentucky Fried Chicken), there are genuine fears that native traditions may get drowned in that loud din.

Threats to older native cultures in the globalizing world of today are, to a considerable extent, inescapable. It is not easy to solve the problem by stopping globalization of trade and commerce, since the forces of economic exchange and division of labour are hard to resist in an interacting world. Globalization does, of course, raise other problems as well, and its distributional consequences have received much criticism recently. On the other hand, it is hard to deny that global trade and commerce can bring with it—as Adam Smith foresaw—greater economic prosperity for each nation. The challenging task is to get the benefits of globalization on a more shared basis. While that primarily economic question need not detain us here (which I have tried to discuss elsewhere, particularly in Sen 1999), there is a related question in the field of culture, to wit, how to increase the real options—the substantive freedoms—that people have, by providing support for cultural traditions that they may want to preserve. This cannot but be an important concern in any development effort that brings about radical changes in the ways of living of people.

Indeed, a natural response to the problem of asymmetry must take the form of strengthening the opportunities that local culture can have, to be able to hold its own against an overpowered invasion. If foreign imports dominate because of greater control over the media, surely one counter-acting policy must involve expanding the facilities that local culture gets, to present its own ware, both locally and beyond it. This is a positive response, rather than the temptation—a very negative temptation—to ban foreign influence.

Ultimately, for both the concerns, the deciding issue must be one of democracy. An overarching value must be the need for participatory decision making on the kind of society people want to live in, based on open discussion, with adequate opportunity for the expression of minority positions. We cannot both want democracy, on the one hand, and yet, on the other, rule out certain choices, on traditionalist grounds, because of their “foreignness” (irrespective of what people decide to choose, in an informed and reflected way). Democracy is not consistent with options of citizens being banished by political authorities, or by religious establishments, or by grand guardians of taste, no matter how unbecoming they find the new predilection to be. Local culture may indeed need positive

assistance to compete in even terms, and support for minority tastes against foreign onslaught may also be a part of the enabling role of a democratic society, but the prohibition of cultural influences from abroad is not consistent with a commitment to democracy and liberty.

Related to this question there is also a more subtle issue that takes us beyond the immediate worry about bombardment of mass western culture. This concerns the way we see ourselves in the world—a world that is asymmetrically dominated by western preeminence and power. Through a dialectic process, this can, in fact, lead to a powerful inclination to be aggressively “local” in culture, as a kind of “brave” resistance to western dominance. In an important article, called “What Is a Muslim?,” Akeel Bilgrami (1995) has argued that the confrontational relations often lead people to see themselves as “the other”—defining their identity as being emphatically *different from* that of western people. Something of this “otherness” can be seen in the emergence of various self-definitions that characterize cultural or political nationalism and religious assertiveness or even fundamentalism. While belligerently antiwestern, these developments are, in fact, deeply foreign-dependent—in a negative and contrary form. Indeed, seeing oneself as “the other” does less than justice to one’s free and deliberative agency.²⁴ This problem too has to be dealt with in a way that is consistent with democratic values and practice, if that is taken to be a priority. Indeed, the “solution” to the problem that Bilgrami diagnoses cannot lie in “prohibiting” any particular outlook, but in public discussion that clarifies and illuminates the possibility of being alienated from one’s own independent agency.

Finally, I should mention that one particular concern I have not yet discussed arises from the belief—often implicit—that each country or collectivity must stick to its “own culture,” no matter how attracted people are to “foreign cultures.” This fundamentalist position not only involves the need to reject importing McDonald’s and beauty contests to the non-western world, but also the enjoyment there of Shakespeare or ballets or even cricket matches. Obviously enough, this highly conservative position must be in some tension with the role and acceptability of democratic decisions, and I need not repeat what I have already said about the conflict between democracy and the arbitrary privileging of any practice. But it also involves an additional philosophical issue about the labeling of cultures on which Rabindranath Tagore, the poet, had warned.

This concerns the issue whether one’s culture is to be defined by the geographical origin of a practice, rather than by its manifest use and enjoyment. Tagore (1928) put his argument against regional labeling with great force:

Whatever we understand and enjoy in human products instantly becomes ours, wherever they might have their origin. I am proud of my humanity when I can acknowledge the poets and artists of other countries as my own. Let me feel with unalloyed gladness that all the great glories of man are mine.

The criteria of understanding and assessment are important, but—as Tagore rightly noted—the inert place of origin has no right to alienate us from what we enjoy and have reason to cherish. Culture, after all, is more than mere geography.

Concluding Remarks

To conclude, I have tried to discuss, first of all, how—in many different ways—culture interacts with development. There are complex epistemic, ethical, and political issues involved in identifying the ways in which culture may or may not influence development. Some specific lines of connection have been identified, particularly related to the demands of assessment and policy.

Second, the acknowledgment of the importance of culture cannot be instantly translated into ready-made theories of cultural causation. It is evidently too easy to jump from the frying pan of neglecting culture into the fire of crude cultural determinism. The latter has caused much harm in the past (and has even encouraged political tyranny and social discrimination), and it continues to be a source of confusion which can seriously mislead assessment and policy in the contemporary world.

Third, what is needed is not the privileging of culture as something that works on its own, but the integration of culture in a wider picture, in which culture, seen in a dynamic and interactive way, is one important influence among many others. Attempts at integration have to pay particular attention to heterogeneity of each broadly defined culture, the interdependence between different cultures, and the vibrant nature of cultural evolutions.

Fourth, there has been much focus, in this essay, on the positive contributions that cultural influences across borders can make. But I have also discussed the cultural provocation that global asymmetry of power generates. There are good arguments for not being overwhelmed by this asymmetry—neither in the form of submissive supplication, nor in the dialectical and negative form of redefining oneself as “the other” (in contrast with “the West”), which makes one lose one’s independent identity. Both these reactions can be contrasted with reliance on free and informed choice, aided by public discussion, critical scrutiny, and a participatory political environment.

There is no particular "compulsion" either to preserve departing life styles, or alternatively, to adopt the newest fashion from abroad, but there is a need for people to be able to take part in these social decisions. This gives further reason for attaching importance to such elementary capabilities as reading and writing (through basic education), being well informed and well briefed (through a free media), and having realistic chances of participating freely (through elections, referendums and the general use of civil rights). There are institutional demands for cultural democracy.

A democratic commitment is consistent with assisting local cultures to compete in comparable terms, but does not encourage the arbitrary elimination of options on grounds of their foreign origin or a priori unacceptability. The ultimate test is the freedom of the citizens to exercise their free agency and choose in an informed and participatory way. If that foundational value has priority, then other concerns have to be integrated with its preeminence.

Notes

I draw, in this essay, on three earlier presentations on related themes, respectively, at a World Bank meeting on development in Tokyo on December 13, 2000, at the Pardee Center of Boston University on February 4, 2002, and at the University of Mumbai on February 26, 2002.

1. Douglas (1987), North (1990), and Blau (1993) provide interesting insights on how institutions think.

2. Douglas (1973/1982, 1992); Eliot (1948); Appadurai (1986); Inglehart (1990); Adorno (1991); Mosseto (1993); Greif (1994b); Appiah and Gates (1995); Jessor, Colby, and Shweder 1996); Klammer (1996); Landes (1998); Throsby (1999); Eagleton (2000); Platteau (2000); and the United Nations Educational Scientific and Cultural Organization [UNESCO] 1998, 2000) contain important illustrations of different aspects of these pervasive connections.

3. Cultural capabilities are among the major components of substantial freedoms; on the nature and use of the perspective of capabilities, see Alkire (2002a,c); Sen (1982, 1985a,b, 1999); Griffin and Knight (1990); Nussbaum (1993, 2000); Nussbaum and Sen (1993); Nussbaum and Glover (1995); Pattanaik (1998); Appadurai (2004); Arizpe (this volume); and Osmani (2001), among others.

4. There is a vast literature on the connections between economic rewards and cultural pursuits (Baumol and Bowen 1966; Peacock and Weir 1975; Blaug 1976; Towse 1993, 1997; Peacock and Rizzo 1994; Throsby 1994, 2001; Klammer 1996; Hutter and Rizzo 1997; Bowles 1998; Cowen 1998; Avrami, Mason, and de la Torre 2000; Caves 2000; Frey 2000).

5. See Boniface (1995); Herbert (1995); Hutter and Rizzo (1997); Avrami, Mason, and de la Torre (2000); and Throsby (2001) on the interconnection between the cultural and economic aspects of tourism, among other contributions.

6. My article ("On Corruption and Organized Crime") in the *Anti-Mafia*

Commission of the Italian Parliament collection 1993 analyses the interrelationship between culture, trade and institutions in influencing the performance of enterprises. See also Zucchi 1993, 1995.

7. The concept of social capital and its uses receive attention in UNESCO (1998, 2000); Dasgupta and Serageldin (2000); Blau (2001b); and Throsby (2001).

8. Often many different arguments can point in the same direction, in terms of needed action. For example, there has been only partial excavation of the ruins of the ancient Buddhist university of Nalanda in India, which had come to its end in the 12th century about the time when Oxford University was being founded (after having flourished for many hundreds of years, and having attracted scholars from abroad as well as within India—Hsuan Tsang from China in the seventh century was one of the most prominent alumni of Nalanda). Further investment in Nalanda's excavation, accessibility, and facilities will not only encourage tourism, and generate income in one of the poorest parts of India, but can also help to generate a fuller understanding of the diversity of India's historical traditions.

9. There are, as a consequence, considerable difficulties in finding suitable indicators of "cultural development" (Pattanaik 1998; Alkire 2002c).

10. Since I don't like chili, I have much practical experience of how hard it is to escape this foreign import in many parts of India. I also frequently encounter the comment that my culinary taste must have become corrupted by my spending a lot of time in the West. To this I have to reply, "No, it is *pre-colonial*—what we Indians ate prior to western imperialism messed up our eating habits." There seems to be little memory left in India of its pre-Portuguese, prechili taste.

11. In *Why Ireland Starved*, Joel Mokyr (1983, 291) argues that "Ireland was considered by Britain as an alien and even hostile nation."

12. See Mokyr (1983, 291–92) for a balanced assessment of this line of diagnosis.

13. See Woodham-Smith (1962, 76).

14. Churchill also explained that his job in governing India was made difficult by the fact that Indians were "the beastliest people in the world, next to the Germans" (Roberts 1994, 213).

15. See, however, Goody's (1996) powerful critique of this reading of history.

16. Anthony Giddens, introduction to Weber (1930, xvi). See also Weber (1951).

17. See Morishima (1982); Dore (1987); and Ikegami (1995), among other investigations of the cultural aspects of Japanese economic success.

18. Given the importance that is attached in Buddhism to the ability of people to read religious and philosophical discourses, there is even a *prima facie* motivational connection here that can be cogently examined and critically scrutinized. Indeed, one of Buddha's criticisms of Hinduism in his time was that the scriptures were in Sanskrit, which made them inaccessible to the common people of India.

19. See, for example, Cummings (1980), chapter 2.

20. See Passin (1965, 209–11); also Cummings (1980, 17).

21. Quoted in Kumon and Rosovsky (1992, 330).

22. The role of education in the economic development of East and Southeast Asia is extensively discussed in World Bank (1993).

23. See Hirschman (1977, 1982); Brittan and Hamlin (1995); Griffin (1996); Klammer (1996); Appadurai (1996); Bowles (1998); Cowen (1998, 2002); Landes (1998); UNESCO (1998, 2000); Arizpe (2000); Blau (2001); and Throsby (2001) for various assessments of market-oriented cultures, arguing in different directions.

24. On a related issue, in the context of Indian identity, see Sen (1997).

India and regionalism

SWARAN SINGH

Introduction

India stands out in South Asia for the fact that it accounts for 75 per cent of the region's population, 63 per cent of its total area and 78 per cent of its gross domestic product (see table A.1). This inevitably makes South Asia an 'Indo-centric' region, which in turn leads to various complications: India has important relations with countries outside the region, and its immediate neighbours seek external links to overcome their fears about Indian dominance. Until 2005, when Afghanistan was admitted to the South Asian Association for Regional Cooperation (SAARC), all the smaller South Asian states shared land and maritime borders with India but none shared borders with any other.¹ Given Afghanistan's current preoccupations, its membership of SAARC is not likely to change the nature of these fundamental politico-security equations. Even with the admission to SAARC of China and Japan as observer states in November 2005 (and the decision in principle to grant observer status to South Korea, the United States and the European Union), India remains an enormously large factor in, and critical determinant of, the region's visions of both conflict and cooperation.

Compared with the next largest state of South Asia—Pakistan—India has a population that is nearly 7 times larger and an area that is nearly 4 times larger as well as a gross domestic product (GDP) that is over 6.5 times larger in current dollar terms (see table A.1). However, India also has correspondingly larger and ever-expanding responsibilities that flow from the expectations of other regional and global powers and from the demands of its citizens for health, education, security and overall welfare. These are reflected in both positive and negative indicators. For instance, India has 16 times more telephone users but also 60 times more HIV/AIDS cases than Pakistan has.² Many other examples could be offered to underscore the same point. One that speaks particularly directly to the nature of the contrast and to the two countries' special relationship is that in 2005, for

¹ Cheema, P. I., 'SAARC needs revamping', eds E. Gonsalves and N. Jolly, *The Dynamics of South Asia: Regional Cooperation and SAARC* (Sage Publications: New Delhi, 1999), pp. 92–93. On SAARC see also other chapters in this paper, especially chapter 2. For lists of its members and observers see URL <<http://www.saarc-sec.org>>.

² Guennif, S., *AIDS in India*, CSH Occasional Paper 8 (Centre de Sciences Humaines (CSH): New Delhi, July 2004), p. 9; Integrated Regional Information Networks (IRIN), 'Pakistan: commercial sex workers face HIV threat', Reuters Foundation AlertNet, 2 Feb. 2007, URL <<http://www.alertnet.org/thcnews/newsdesk/IRIN/ada188c3ca9d65204c095b7ded305795.htm>>; Bremner, G., 'Mobile elite rush to answer India's call', 1 Feb. 2007, Newsfactor.com, URL <http://www.newsfactor.com/news/Mobile-Elite-Rush-To-Answer-India-s-Call/story.xhtml?story_id=0010003JFTSR>; and 'Chinese telecom giant acquires Pakistani mobile operator', 23 Jan. 2007, English.eastday.com, URL <<http://english.eastday.com/eastday/englishedition/business/userobject1ai2584504.html>>.

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example. India spent over six times more on defence than Pakistan did, and together they spent 95 per cent of the region's total defence expenditure.³

The cases of other South Asian states exhibit even larger contrasts. While Bhutan and Nepal are land-locked states, Bangladesh remains perennially vulnerable to floods and global warming threatens the very existence of the Maldives. Also, while Bhutan and Nepal share special politico-strategic ties with India, the histories of the violent partitions of India (in 1947) and Pakistan (in 1971) have added to perennial tensions between Bangladesh, India and Pakistan. This is enough to create divergence and friction between the policy priorities of the countries concerned, including constant scepticism by the other two about India's capabilities and intentions. Mutual mistrust flowing from each of these disjunctions is further fed by colonial and cold war legacies and by the resultant nature of their contemporary political culture and preoccupations. All this inevitably generates deep-rooted distrust between, and other limitations for, India and its immediate neighbours in South Asia.

India's approach to regionalism

Given the size and stature of India, its vision of regionalism has sought to situate the country in a landscape larger than the Indian subcontinent. The search for a larger Asian identity and role was integral to India's freedom struggle from the start.⁴ Even before its formal independence, India had hosted an Asian Relations Conference in 1947, which was followed by a Conference on Indonesia in 1949. These efforts were expanded further to produce the Afro-Asian Nations Conference at Bandung in 1955 and the establishment of the Non-Aligned Movement (NAM) in 1961.⁵

This larger vision, however, did not exclude cooperation with India's immediate neighbours in the region. Most of India's neighbours (with the exception of Pakistan) were also members of NAM. Influenced by Gandhian thought, India viewed the concept of neighbourhood as one of concentric circles around the central point of historical and cultural commonalities.⁶ Conflict was seen as an integral part of any common identity, although it had to be managed by peaceful means. The formulation of the Five Principles of Peaceful Co-existence (in India called the *Punchsheel*) in the mid-1950s was a clear reflection of this orientation.⁷ Never-

³ On the military spending of South Asian countries see chapter 1 in this paper, note 9, and table A.1.

⁴ Sharma, S., *India and SAARC* (Gyan Publishing House: New Delhi, 2001), p. 18.

⁵ On NAM and for a list of its 116 members see URL <<http://www.e-nam.org.my/mainb.php?pg-map>>. On these conferences leading up to the establishment of NAM see chapter 2 in this paper.

⁶ For a good account of these views see Brecher, M., 'Review: Nehru's foreign policy and the China-India conflict revisited', *Pacific Review*, vol. 50, no. 1 (spring 1977), pp. 99-106.

⁷ The Five Principles were developed in 1954 and became the basic norms for bilateral relations between China and its neighbours Burma and India. In the case of relations with India, the principles were incorporated in the Agreement between the People's Republic of China and the Republic of India on Trade and Intercourse between the Tibet Region of China and India. See Chinese Ministry of

theless, the attempts made by India to develop regionalism beyond and outside the bipolar framework of the cold war were frustrated, as relationships with its immediate neighbours were affected by cold war rivalries, thereby also undermining the country's ability to rectify local incompatibilities.⁸

The policies of non-alignment and peaceful coexistence associated with Prime Minister Jawaharlal Nehru have nonetheless had a major influence on India's relations with its neighbours. Nehru's India was convinced that the South Asian states needed to form a strong common identity and that they had the capacity to work for their common future. This belief was based on the understanding that South Asia: (a) represented a unique eco-subsystem between the Himalayas and the Indian Ocean; (b) was interlinked by a composite culture, which was a blend of Buddhism, Hinduism and Islam, providing a common basis for the norms and lifestyle of all segments of civil society; and (c) was a unique geopolitical region of newly independent states that had been divided throughout history and yet had witnessed several integration experiments under the Mauryan, Mughal and British empires, as well as during Nehru's premiership.

India's orientation towards integration gradually changed towards a more instrumental approach that aimed to create a 'functional' base—building horizontal linkages of interdependence to offset the vertical divisions of sovereignty—by such means as interstate institution building, power balances and common norms. However, this new approach did not start to take root in South Asia until the early 1980s. The 1960s and 1970s were a time when realist notions such as power projection dominated policy circles in South Asian capitals,⁹ not least in India, which experienced three wars in the period 1962–71 (the India–China war of 1962 and the India–Pakistan wars of 1965 and 1971, the latter leading to the independence of Bangladesh). One of the first formal expositions of a more realist position towards regional cooperation was offered by Indian Prime Minister Indira Gandhi in her inaugural address to the South Asian foreign ministers' meeting held in New Delhi in 1983. While underlining the region's commonalities of geography, experiences, aspirations, challenges, civilization and so forth, she said:

Our policy is not to interfere in the affairs of others. But ours is a troubled region, most of our countries are multi-racial and multi-religious. It would be idle to pretend that we are not affected by what happens elsewhere. . . . The regional grouping that brings us together is not aimed against anyone else. Nor are we moved by any ideological or military considerations. . . . We are all equals. We are against exploitation and domination. We want to

Foreign Affairs, 'China's initiation of the Five Principles of Peaceful Co-existence', 17 Nov. 2000, URL <<http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18053.htm>>.

⁸ Muni, S. D., 'Regionalism beyond the regions: South Asia outside SAARC', eds Gonsalves and Jetly (note 1), pp. 114–15; and Gupta, S., *India and Regional Integration in Asia* (Asia Publishing House: Bombay, 1964).

⁹ For more on functionalism see Claude, Jr, I. L., *Swords into Plowshares: The Problems and Progress of International Organization* (University of London Press: London, 1970), p. 346.

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be friends with all on a footing of equality. We should be ever vigilant against the attempts of external powers to influence our functioning.¹⁰

At the same time, the early attitude of India to the creation of SAARC was driven by a fear that the group would provide its smaller neighbours with a forum for ganging up against it.¹¹ India therefore tried to ensure that: (a) no bilateral or contentious issues would be discussed in SAARC, (b) all SAARC decisions would be taken by consensus, and (c) SAARC would be focused primarily on social welfare and economic cooperation. Within the limits of these priorities, India was active in the evolution of this institutional framework for regional cooperation. However, this was not how India's neighbours perceived and probably still perceive India's stance on South Asian regionalism: they seem to assume that it was premised on a view of SAARC as a challenge to Indian predominance in the region. They view so-called Indian hegemony as the antithesis of any form of integrated region that SAARC may seek to develop and therefore blame India for blocking any role for SAARC as a forum for conflict resolution.¹²

For all this, there have also been similarities in India's and its neighbours' visions of regionalism. For instance, India, Nepal and Pakistan have all favoured a piecemeal, selective approach to regional cooperation and to initiatives within SAARC.¹³ It was primarily Bhutan, the Maldives and Sri Lanka that were unequivocal in their support for regional cooperation in South Asia.¹⁴ Nonetheless, the forces of globalization, increasing economic interdependence, the expanding role of civil society and the whole range of new threats—such as shortages of energy, water and food, challenges of environmental and human security, and especially post-September 2001 terrorism, which can no longer be tackled within national borders—have all triggered new common efforts among states in South Asia as elsewhere. Since these new trends have also transformed the position of the state from the sole provider of security and development to only a facilitator of

¹⁰ Inaugural Address, by Prime Minister Mrs Indira Gandhi, to the meeting of South Asian foreign ministers, New Delhi, Aug. 1983, reprinted in *India Quarterly*, vol. 11, nos 3 and 4 (Jan.-Mar. 1984), pp. 255-59.

¹¹ Dixit, J. N., *India's Foreign Policy 1947-2003* (Picus Books: New Delhi, 2003), p. 149; Dixit, A., 'SAARC towards greater cooperation', *Strategic Analysis* (New Delhi), vol. 20, no. 4 (July 1997), p. 562; Sharma (note 4), p. 61; and Muni, S. D., 'SARC: building regionalism from below', *Asian Survey*, Apr. 1985, pp. 391-405.

¹² Yahya, F., 'Pakistan, SAARC and ASEAN relations', *Contemporary Southeast Asia*, vol. 26 (2004), URL <<http://www.questia.com/PM.qst?a=o&sc=gglsc&d=5007718310&cr=deny>>; and Lal, C. K., 'The necessary manufacture of South Asia', *Himal*, Jan. 2003, URL <<http://www.himalmag.com/2003/january/>>.

¹³ Upreti, B. C., 'Nepal and SAARC', eds V. Narain and B. C. Upreti, *SAARC: A Study of Perceptions and Policies* (South Asia Publishers: New Delhi, 1991), pp. 111-25; and Hussain, R. M., 'New directions for SAARC: a view from Pakistan', *South Asian Survey*, vol. 10, no. 1 (2004) pp. 57-69.

¹⁴ See Waterman, D. F., *SAARC: A New Framework for Regional Cooperation* (East-West Center: Honolulu, Hawaii, Apr. 1986), p. 22; and Kodanikara, S., 'South Asian cooperation: a Sri Lankan perspective in South Asian regional cooperation', ed. T. V. Satyamurty, *South Asian Regional Cooperation* (Institute of Asian Studies: Hyderabad, 1982).

such efforts, it is also strongly argued that SAARC should move beyond state-based action.

Regionalism today

The rapid economic development in Asia since the early 1990s has made regionalism a decisive variable in international relations. Countries such as India and Pakistan have recently achieved economic growth rates of about 8 per cent per year. These two states have also emerged as de facto nuclear weapon states, thereby radically changing South Asia's strategic profile and priorities. As one result, the 1990s witnessed a clear shift in South Asian diplomacy away from the old transnational multilateral forums such as NAM, which is no longer seen as the fulcrum of India's foreign policy.¹⁵ Instead, summit meetings, special emissaries, public diplomacy and the use of 'track II' (unofficial) channels have become the new policy tools, and new issues such as energy, water, human rights (and potentially nuclear energy and security) have caught the attention of those shaping South Asia's regionalism today.

This new context has brought an increasing recognition of the need to start a functional integration process by creating interstate channels as the first step towards strengthening the regional identity. This in turn requires change in mind-sets: the will to cooperate rather than compete, to pool resources and ideas for collective development, and to end the dissipation of human energies and resources in conflict.¹⁶ Economic and security issues have emerged over the past decade as a focus of the SAARC vision of functional regionalism, as applied both within the membership and beyond. These two sectors have recently become the main drivers of integration in the context of South Asia's processes of regionalization (the tendency to identify with a region) and regionalism (creating regional institutions and arrangements).¹⁷

The de facto nuclear weapon power status of India and Pakistan has created a new 'nuclear triangle' with China and further expanded these three countries' understanding of regionalism. This is reflected in current discussions about confidence-building measures, where ideas have been moving from a purely bilateral (India-Pakistan and India-China) to a trilateral and regional paradigm. For example, in June 2004 the Indian foreign minister went so far as to propose

¹⁵ Mehrotra, L. L., 'India and SAARC: economic dimensions', ed. N. Jolly, *India's Foreign Policy: Challenges and Prospects* (Vikas Publishing House: New Delhi, 1999), p. 128; and Dixit, J. N., *Across Borders: Fifty Years of India's Foreign Policy* (Picus Books: New Delhi, 1998), p. 377.

¹⁶ Banerjee, D., 'Introduction', ed. D. Banerjee, *South Asian Security: Futures* (Regional Center for Strategic Studies: Colombo, 2002), p. x.

¹⁷ Kacowicz, A. M., *Regionalization, Globalization, and Nationalism: Convergent, Divergent or Overlapping?*, Working Paper no. 262 (Helen Kellogg Institute for International Studies: Notre Dame, Ind., Dec. 1998). URL <<http://www.ciaonet.org/wps/kaa01/>>.

discussions aimed at a joint China–India–Pakistan nuclear doctrine.¹⁸ Of course, China does not recognize India or Pakistan as a nuclear weapon state under the terms of the 1968 Treaty on the Non-Proliferation of Nuclear Weapons. However, the fact that Pakistan has been talking about ‘enlightened moderation’ and China about ‘peaceful development’, and the fact that the Common Minimum Programme of India’s ruling coalition underlines the commitment of India’s authorities to ‘evolving demonstrable and verifiable confidence building measures with its nuclear neighbours’, portends the evolution of a trilateral mode of thinking.¹⁹

Meanwhile, SAARC has expanded its mandate beyond the original spirit of its charter.²⁰ First, its special conventions on problems such as terrorism, drugs and human trafficking have pushed the forming of consensus within SAARC towards politico-strategic issues that were not part of the organization’s original mandate (see below). Similarly, breakthroughs in bilateral relations, especially in the contentious India–Pakistan relationship, have often been triggered by top-level meetings on the sidelines of SAARC summit meetings.²¹ Second, SAARC has expanded its membership. The inclusion of new states, with their own complicated issues, and the admission of new observer states, reflects this feeling of confidence in regionalism among SAARC member states.

Security imperatives

Even if security was not formally included as an area for cooperation in the SAARC Charter of 1985, the security perceptions of member states have remained the most decisive influence in the evolution of SAARC. Especially at the sub-conscious level, security issues have often been decisive in influencing the tenor of these states’ formal interactions. Security-related influences also include the nature of countries’ linkages with extra-regional powers and the pressures exercised by these powers, which may help to explain several decisive steps taken by SAARC members that illustrate the emerging consensus on certain politico-strategic issues. Examples include the 1987 SAARC Regional Convention on Suppression of Ter-

¹⁸ Parthasarathy, G., ‘Pakistan and China: the Manmohan Singh approach’, *Business Line* (Chennai), 18 June 2004, p. 9; and Sharma, R., ‘Indo-Pak nuclear CBM talks on right track’, *The Tribune* (Chandigarh), 20 June 2004, p. 1.

¹⁹ Ramana, M. V. and Rajaraman, R., ‘Reducing nuclear risk’, *The Hindu*, 4 June 2004.

²⁰ For the SAARC Charter see URL <<http://www.saarc-sec.org/main.php?id=10>>.

²¹ This started in 1988, when talks between Benazir Bhutto and Rajiv Gandhi on the sidelines of the Islamabad SAARC summit resulted in the historic Agreement between Pakistan and India on the Prohibition of Attack against Nuclear Installations and Facilities, the text of which is available at URL <<http://www.stimson.org/?SN=SA20060207948>>. The meeting of the Indian and Pakistani prime ministers at the 1990 Malé SAARC summit meeting made several breakthroughs in the form of: (a) the revival of the Indo-Pakistani hotline, (b) the establishment of working groups as precursors for the composite dialogue, and (c) Pakistan’s agreement to adopt an ‘integrated’ approach to bilateral relations instead of focusing only on Kashmir. The 2 sides were believed to have prepared these developments for over 2 years, making clear that use of the SAARC opportunity was part of their strategy. See the Malé summit declaration at URL <<http://www.saarc-sec.org/main.php?id=51&t=4>>. Recently, however, Pakistani leaders have used the media to make analogous proposals, which has undermined the exclusivity of SAARC summits as a forum for India–Pakistan bilateral initiatives.

rorism, the 1990 Convention on Narcotics and Drugs and Psychotropic Substances, and the Additional Protocol to the 2004 SAARC Regional Convention on Suppression of Terrorism.²²

Meanwhile, the security imperatives of South Asia have evolved in new and sometimes divergent directions. While India's and Pakistan's possession of nuclear weapons may have contributed to stabilizing their conflictual relations, the prolonged conflict in Sri Lanka has made it the most militarized state of the region.²³ The once peaceful Hindu Kingdom of Nepal has also undergone prolonged turmoil and is currently in the midst of a historic experiment with people's democracy. Similarly, China has ceased to be such a dominant factor in India's ties with its immediate neighbours.²⁴ The very definition of 'South Asia' is being reconceptualized. Indian strategic experts have been reviving the geographical concept of 'Southern Asia' to define India's role and context, thereby widening the geographical limits of its strategic neighbourhood to include states outside the SAARC area.²⁵ Given their shared boundaries and socio-cultural proximity with SAARC other member states, countries such as Afghanistan (now a member of SAARC), Myanmar and parts if not the whole of China and even Iran are seen as part of this region. South Asia is today in the process of redefining its security and political profile. Different definitions of 'Southern Asia' are preferred by different analysts, but all of them comprise a much larger area than 'South Asia', including large parts of West, Central, East and South-East Asia as well as the northern Indian Ocean. The consequences of India's and Pakistan's possession of nuclear weapons and the post-September 2001 security linkages and threat perceptions are adding to the incentives for the countries of 'core' South Asia to see themselves as part of several overlapping regions.

Economic imperatives

Trade-led transformation has become one of the main drivers of interstate and cross-regional ties. This has facilitated a functional approach to regionalism

²² Ray-Chauhury, A. B., *SAARC at Crossroads: The Fate of Regional Cooperation in South Asia*, (Sanskriti: New Delhi, 2006), pp. 349–59. On these conventions see chapter 2 in this paper, and for full texts see URL <<http://www.saarc-sec.org>>.

²³ Reddy, B. M., 'South Asia's most militarized society', *The Hindu*, 27 Sep. 2006, p. 11. According to a study carried out by the Strategic Foresight Group (SFG), Sri Lanka has South Asia's highest proportion of military personnel—8000 per million of its population, compared with 4000 for Pakistan and 1300 for India—and in 2004 had high defence expenditure as a percentage of its gross domestic product. See SFG, *Cost of Conflict in Sri Lanka* (SFG: Mumbai, 2006), URL <<http://www.strategicforesight.com/ccinsrilanka.htm>>; and chapter 1 in this paper, note 9.

²⁴ For details see Singh, S., *China-South Asia: Issues, Equations, Policies* (Lancers Books: New Delhi, 2003), pp. 343–58.

²⁵ Kapur, A., *India: From Regional to World Power* (Routledge: London, 2006), p. 201; and Basrur, R. M., *India's External Relations: A Theoretical Analysis* (Commonwealth Publishers: New Delhi, 2000), p. 81. The term 'Southern Asia' was first coined by Michael Brecher in 'The subordinate state system of Southern Asia', *World Politics*, vol. 15, no. 2 (Jan. 1963), pp. 213–35. A larger South Asia has also been discussed e.g. by Bhabani Sen Gupta, Maya Chadda, Stephen P. Cohen and Thomas P. Thornton.

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whereby economic reforms make states interdependent (through among other things the role of multinational corporations) and exports begin to contribute a large share of national income, thereby also inducing states to meet the demand for cross-country institutional arrangements.²⁶ As regards South Asia, this has triggered new initiatives in the practical processes of regionalization, but it has also contributed to a reconceptualization of the region as functionally framed around a network of nodes that can revitalize the economies of all SAARC member states through, for example, the efficient use of resources. Startling examples of waste that need to be rectified include Pakistan's import of Indian goods via South Africa and Nepal's import of onions from Germany.²⁷ This style of 'single market' cooperation would need to be extended to the other interlinked regions and sectors. Having achieved the 1993 SAARC Preferential Trading Arrangement (SAPTA) Agreement and the 2004 South Asian Free Trade Area (SAFTA) Agreement, SAARC members have also revived the debate about a common South Asian currency.²⁸ Indeed, the latter idea was formally presented by the Indian prime minister at the 12th SAARC summit meeting, held in Islamabad in 2004,²⁹ but there are still significant obstacles to implementation of the idea.³⁰

South Asia's three largest economies—India, Pakistan and Bangladesh—were once part of a single political entity, British India. It should therefore be natural for there to be a considerable flow of goods and services between them, and their historical links and resulting shared interests should underpin modern-style economic integration. Political attitudes inherited from colonial times, however, and the manner of the end of empire have created major setbacks which the national authorities are still struggling to overcome. In 1948–49, 32 per cent of Pakistani imports came from India, and India was the destination for over 56 per cent of Pakistani exports.³¹ Over 50 years later, the situation was dramatically different: in 2000–2001 only 0.42 per cent of India's imports came from Pakistan and only 0.13 per cent of Pakistan's imports were from India. This picture has

²⁶ Reed, A. M., 'Regionalization in South Asia: theory and praxis', *Pacific Affairs*, vol. 70, no. 2 (summer 1997), pp. 235, 237.

²⁷ Lal (note 12).

²⁸ On these agreements see chapter 2 in this paper. See also e.g. Stephen, R. J., 'Currency union for South Asia: a SWOT analysis', *South Asian Journal*, no. 11 (Jan.–Mar. 2006), URL <http://www.southasianmedia.net/Magazine/journal/11_currency_union.htm>; and Saxena, S. C. and Baig, M. A., *Monetary Cooperation in South Asia: Potential and Prospects*, RIS Discussion Paper no. 71 (Research and Information System for the Non-Aligned and Other Developing Countries (RIS): New Delhi, 2004), URL <http://www.ris.org.in/dp71_pap.pdf>.

²⁹ Acharya, S., 'Common SAARC currency: feasible?', 24 Aug. 2004, Rediff News, URL <<http://inhome.rediff.com/money/2004/aug/24gucst2.htm>>; and Rajesh, M., 'South Asia could benefit from common currency', *Business Line* (Chennai), 12 June 2002, p. 6.

³⁰ Subramanian, N., 'India–Pakistan trade stuck on SAFTA', *The Hindu*, 31 July 2006, p. 11; Ramachandran, S., 'Free trade among neighbours', *The Hindu*, 1 Apr. 2006, p. 11; and Baruah, A., 'SAARC at 20: will the future be different?', *The Hindu*, 11 Nov. 2005, p. 13.

³¹ Burki, S. J., 'Pakistan, India and regional cooperation', *South Asia Journal*, Issue 4 (Apr.–June 2004), URL <http://www.southasianmedia.net/Magazine/journal/pakindia_regional.htm>.

started to improve, however, with Pakistan accounting for 1.21 per cent of India's imports and India accounting for 2.47 per cent of Pakistan's imports in 2005.³²

At the wider South Asian level, intra-regional trade declined from 19 per cent of states' aggregate trade in 1948–49 to 12 per cent in the early 1950s and dropped to less than 1 per cent by 2003, which says a lot about the skewed nature of economic integration in South Asia.³³ Remedying this situation has since the 1990s become an increasingly important item on SAARC's agenda. After 10 years of operation of the SAPTA Agreement, intra-regional trade in South Asia had improved from being 3.8 per cent of the region's total turnover in 2000 to about 5 per cent in 2005.³⁴ This, of course, does not take into account the huge volume of unofficial trade between India and its neighbours, including smuggling and trade conducted through third countries. The SAFTA Agreement became effective from 1 January 2006, but problems remain between India and Pakistan. Critics of the arrangement repeatedly highlight the incompatibility between an evolving free trade area in South Asia and the fact that states of the region do not trade predominantly with their immediate (and recently thriving) neighbours but with their former colonial powers and other developed nations such as the USA.

India and regionalism beyond SAARC

The recent rapid economic development in India and Pakistan together with their limited success in achieving their objectives within the SAARC framework has led these two states to expand and strengthen their links with extra-regional powers and other regional forums. In the period since the collapse of the cold war bipolar world there has been a trend towards consolidation and expansion of the existing regional groupings and the formation of several new ones.³⁵ Examples include the emergence of the European Union (EU) from the former European Communities, the creation of the North American Free Trade Area, the activation and expansion of the Asia-Pacific Economic Cooperation (APEC) group, the expansion of the Association of South East Asian Nations (ASEAN) and moves to further develop the ASEAN Regional Forum (ARF) and ASEAN Free Trade Area (AFTA), the Shanghai Cooperation Organization (SCO), the Conference on Interaction and Confidence-building in Asia (CICA), the Boao Forum for Asia (BFA), the Shangri-

³² Taneja, N., *India-Pakistan Trade*, Working Paper no. 182 (Indian Council for Research on International Economic Relations: New Delhi, June 2006), URL <http://www.icrier.org/publication/working_papers.html>, p. 48; and the websites of India's Ministry of Commerce and Pakistan's Federal Bureau of Statistics.

³³ Burki (note 31); and Patel, P., 'For an integrated South Asia', *Economic Times* (New Delhi), 2 Dec. 2005, p. 10.

³⁴ See Gupta, A., *SAARC: SAPTA to SAFTA* (Shipra Publications: New Delhi, 2002), p. 115; and Bajpae, C., 'India held back by wall of instability', *Asia Times* online, 1 June 2006, URL <http://www.atimes.com/atimes/South_Asia/HF01DM01.html>. In contrast to SAARC, for 2004 the proportion of intra-regional trade to total trade was over 44% for the European Union, 49% for ASEAN and 67% for the North American Free Trade Area.

³⁵ Muni (note 8), p. 117.

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La Dialogue of the International Institute for Strategic Studies (held in Singapore), and other possible East Asian security and economic groupings, such as the ASEAN Plus Three group (with China, Japan and South Korea), the Asia-Europe Meetings (ASEM) and the East Asia Summits (EAS).³⁶ India has been seeking new partnerships with these regional organizations in its extended neighbourhood as a part of its vision of a larger role in Asia.

Originally, it was the continued political stalemate on India's western border (with Pakistan) that caused Indian economic reforms to lead instead to new partnerships with the 'small tigers' of ASEAN to the east, seen as the spearhead of Asia's resurgence. India's 'Look East' policy has encouraged the country ever since the early 1990s to look to Asia beyond SAARC. Starting in 1993 by becoming a Sectoral Partner of ASEAN—in the fields of trade, tourism, and science and technology—in 1995 India became a member of ARF and in 1996 an ASEAN Dialogue Partner. Since then, it has also been active in all the new regional groupings of Asia, such as CICA, the Shangri-La Dialogue and the BFA. More recently, India was part of the November 2005 and January 2007 EAS, held in Kuala Lumpur and Cebu, respectively. The September 2006 ASEM, held in Helsinki, decided to admit India and Pakistan along with four other new members to its annual dialogue, and India has been an observer in the SCO since November 2005.

Since the rise of China has attracted the attention of most powers around the world and some concern from its Asian neighbours, today India sees that it has a pivotal role to play in maintaining the Asian balance of power, thus ensuring a peaceful evolution of this rather complicated, multi-zoned region.³⁷ Concerns have also recently been expressed about the omnipresence of the United States and its propensity to seek military solutions. Against this background, members of ASEAN, for instance, have moved on from their policy of seeking to use India to counterbalance China towards a new engagement with India based on a more functional paradigm. There has been a growing acceptance of India as a factor in South-East Asian security and of its playing a bigger role, for example, in securing the sea lanes in the Malacca Straits. However, local sensitivities militate against accepting a role for other external powers, including the USA. These and other factors may have implications for India's own engagement with ASEAN.³⁸ The change has come about partly because of ASEAN's enlargement, bringing membership right up to India's borders, and partly because India has no territorial, maritime or political disputes with any of the ASEAN members. India has also recently found a new partner and supporter in the USA, prompted by India's

³⁶ For the 21 members of APEC and more on the group see URL <<http://www.apec.org>>; on ASEAN and ARF see chapter I in this paper, note 10; on AFTA see URL <<http://www.us-ascan.org/afta.asp>>; on the SCO see chapter I in this paper, note 14; on CICA see URL <<http://www.v.kazakhstanembassy.org.uk/cgi-bin/index/128>>; on the BFA see URL <<http://www.boaoforum.org>>; and on the Shangri-La Dialogue see URL <<http://www.iiss.org/conferences/the-shangri-la-dialogue>>.

³⁷ Rajamohan, C., 'India's Asia movement', *Indian Express*, 13 Dec. 2005, p. 8.

³⁸ Acharya, A., 'India and Southeast Asia in the age of terror: building partnerships for peace', *Contemporary Southeast Asia*, vol. 28, no. 2 (Aug. 2006), p. 314.

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for instance, was created in 1945, the Organization of African Unity in 1965 (replaced by the African Union in 2001), ASEAN in 1967, the Organization of the Islamic Conference in 1971 and the Gulf Cooperation Council in 1981. Only the Shanghai Initiative—now the SCO—was created as recently as 1996, and it can be seen as far more successful than SAARC in achieving its defined objectives.

Another approach is to evaluate the group against the challenges specific to its region, thereby ensuring that expectations are not set too high and that (only) small successes are not interpreted as a major failure. On this approach, some of the inherent limitations of SAARC—which highlight the need for limited, realistic expectations—are: (a) India's enormous size and its assertive and domineering policies, which go against the basic principles of multilateralism in regional cooperation; (b) the absence of an external, imminent or massive threat of the kind that produced internal cohesion in the cases of ASEAN and the EU; (c) the fact that SAARC is not a product of initiatives by the leading countries of the region, but of concerted efforts by smaller members; and (d) the fact that SAARC revolves around internal efforts and has neither been created nor (so far) substantively assisted by external actors, including the big powers.

Some of the potentially positive factors unique to South Asia, on the other hand, include the states' recognition of their common problems and collective ambitions for economic development, especially in the field of poverty alleviation.⁴³

Seen against this background, the most important impediment to collective self-reliance in South Asia is not the inherent strategic asymmetry and the overwhelming stature of India, but rather how other members of SAARC perceive India's intentions.⁴⁴ Mutual trust is the most critical imperative for building any joint strategies, as well as for facilitating intra-regional trade and commerce. Several traits of similar organizations may be identified to provide some future pointers to SAARC. For instance, ASEAN has been particularly effective in using the informal approach at all levels, backed by strong track II efforts, to develop and then drive its members' major initiatives. The SCO also provides an interesting contrast to SAARC's dynamics in that it is predominantly China-driven. With Russia preoccupied with its domestic and external problems and the Central Asian states with theirs, China has been able to both introduce and promote many SCO initiatives. It is hard to imagine this happening in the case of SAARC, which is driven by smaller powers. Similarly, the EU's evolution has generally reflected the old 'concert of powers' approach, where smaller members can participate in deliberations and decisions but implementation is left to the major players.⁴⁵ Again, this is neither feasible nor desirable in the case of SAARC.

⁴³ Hak-Su, K., 'The goal: a poverty-free South Asia', *The Hindu*, 30 Nov. 2006, p. 11. Despite an annual 7% growth rate, 400 million people in South Asia live on less than \$1 a day. Bangladesh and India have large poverty-stricken populations, but efforts are being made in the region. See e.g. Jakarta Declaration on Millennium Development Goals in Asia and the Pacific: The Way Forward 2015, Jakarta, 5 Aug. 2005, URL <http://www.undp.org/mdg/undps_role_regional_asia.shtml>.

⁴⁴ Cheema (note 1), p. 95.

⁴⁵ Jorgensen, K. E., 'A multilateralist role for the EU', eds O. Elgstrom and M. Smith, *The European Union's Role in International Politics* (Routledge: London, 2006), p. 32.

energy needs and its engagement with Central and South-East Asian states.³⁹ Indeed, India has managed to develop friendly relations with all the major players—including China, Russia and the ASEAN member states—and this has clearly facilitated India's forays into regionalization beyond SAARC.

At the bilateral level, India has signed cooperation agreements with several other Asian countries, including Singapore, Sri Lanka and Thailand. It has an agreement with ASEAN on a free trade area and has been negotiating a similar agreement with China. India's booming trade with China and ASEAN states, its defence procurement from Russia and the 2005 agreement on nuclear cooperation with the USA⁴⁰ have focused attention on India, at least in Asia. In the same context, India's setting up of military facilities in Tajikistan has been a matter of international debate.⁴¹ India has taken out a lease on the two northernmost islands belonging to Mauritius—North and South Agalega—ostensibly for purposes of agriculture, tourism and trade: but the location of these islands also provides India with a strategic foothold in the Indian Ocean.⁴²

In the last resort, regardless of whether India (and its neighbours) joins any new regional group or succeeds in engaging with other big powers, the experience of working together in multiple multilateral forums will have a moderating influence on relations in South Asia, thereby facilitating the development of security-relevant functions for SAARC. It is in this setting that the inclusion of China and Japan as observers in SAARC (and the decision in principle to grant observer status to South Korea, the USA and the EU) augurs the beginning of a new era for South Asia's regionalism. A potential trigger for forging a true collective identity in the region may prove to be the cultural commonalities of the large and thriving South Asian diaspora in the USA, Europe, the Middle East and elsewhere. This could bring an end to the region's colonial and cold war legacies, even if these positive trends are still fragile and vulnerable.

Evaluation and prospects

There are several ways of assessing the success or failure of a regional framework. One is to compare the group with other initiatives in comparable regions. In this case, SAARC would stand out as one of the youngest initiatives. The Arab League,

³⁹ Yazmuradov, A., 'The US's Greater South Asia Project: interests of the Central Asian countries and of the key non-regional actors', *Central Asia and the Caucasus*, vol. 5, no. 41 (2006), p. 89.

⁴⁰ See Ahlström, C., 'Legal aspects of the India-US Civil Nuclear Cooperation Initiative', *SIPRI Yearbook 2006: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2006), pp. 669–85.

⁴¹ Walsh, N. P., 'India flexes its muscles with first foreign ministry base', *The Guardian*, 27 Apr. 2006; 'India rebuilding air base in Tajikistan: diplomat', *Defense News*, 25 Apr. 2006, URL <<http://www.defensencnews.com/story.php?i=1729691&C=:airwar>>; Ramachandran, S., 'India's forays into Central Asia', *Asia Times*, 12 Aug. 2006, URL <http://www.atjmes.com/atimes/South_Asia/HH121001.html>; and Singh, B., 'India to deploy MiG-29 in Tajikistan', *Battlespace*, vol. 9, no. 2 (July/Aug. 2006), URL <http://www.battle-technology.com/this_issue10.html>.

⁴² Sidhartha, 'India eyes an island in the sun', *Times of India*, 25 Nov. 2006, p. 1.

For South Asia, it is important that states learn to separate regional issues from bilateral and domestic policies. They must insulate their bilateral relationships from the taking of pragmatic decisions at the multilateral level, which would mean applying indirect multilateral solutions to some of their less contentious bilateral issues. Experts also increasingly see the progress of SAARC as impeded by two basic provisions in its charter—unanimity as the basis for decisions, and the exclusion of contentious and bilateral issues.⁴⁶ The solution lies in institutionalization, not in the internationalization of bilateral disputes: the latter must be handled in a way that helps mobilize additional forces to aid the countries in difficulty.

The end of the cold war has had far-reaching implications for all conceptions of regionalism. The global tensions of the bipolar divide have relaxed, allowing regionalism to flourish on a non-ideological base. This has also led to greater interplay among regional institutions themselves, and between regional institutions and external actors. There is now an urgent need to expand SAARC also in terms of building its engagement with other major regional organizations. Some countries, such as Bangladesh and Sri Lanka, have shown interest in the idea of SAARC linking itself with other regional groups and letting big extra-regional players participate in its structures and work. Initially, this seemed to be prompted by a desire to restrain India, which is why India was sensitive to any interventions or even interest of extra-regional powers in the affairs of its neighbours.⁴⁷ Since then, however, India has become a more self-confident player with a potential to induce systemic-level transformations not just in its own region but also elsewhere.

Conclusions

Since future challenges will not be able to be handled within the political boundaries of states, countries are finding that they need to focus on cooperative strategies by the logic of self-interest as much as idealism or philosophy. India and Pakistan provide a good example: their differences have often marred the spirit and process of multilateral activity in SAARC and other organizations,⁴⁸ but these two major players have stabilized their relations as *de facto* nuclear weapon states. The high stakes now involved in their strategic confrontation have helped to shift their policymaking away from subjective considerations towards rational decisions.

Similarly, the new trends in global politics have led India and Pakistan to engage with the same powers (notably the USA) for the same reasons, and they have not done badly at rebalancing their relationship in the face of the added complication of these new forces. The two countries have joined the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) and the ASEAN Regional Forum, are

⁴⁶ McPherson, K., 'SAARC and an Indian Ocean dialogue', eds Gonsalves and Jetly (note 1), p. 108; and Checma (note 1), p. 103.

⁴⁷ Muni (note 8), p. 118.

⁴⁸ Clad, J. C., 'South Asia: buoyant economics, nuclear weapons and environmental stress', ed. H. J. Wiarda, *U.S. Foreign and Strategic Policy in the Post-Cold War Era: A Geopolitical Perspective* (Greenwood: London, 1996), p. 182.

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observers in the Shanghai Cooperation Organization, and so on. These are all factors that may make the two largest South Asian powers more cautiously constructive in SAARC deliberations. The post-cold war period has witnessed rapid progress in the SAPTA Agreement and the completion of three rounds of trade negotiations under the SAFTA Agreement, which makes a South Asia free trade area a far more credible goal today than ever before.⁴⁹ All these trends hold the promise of, at the least, materially strengthening the functional aspects of regional powers' interdependence in SAARC, thus ensuring the future credibility of the organization as a framework for regional cooperation.

⁴⁹ Mehta, R. and Bhattacharya, S. K., 'SAPTA I, SAPTA II and SAFTA: impact on India's imports', *South Asian Survey*, vol. 4, no. 2 (Sep. 1997), p. 260.

THE WTO'S DOHA NEGOTIATIONS AND IMPASSE: A DEVELOPMENT PERSPECTIVE

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1. INTRODUCTION

The Doha Work Programme (DWP) of the World Trade Organisation is facing a crisis, most recently reflected in the suspension of all negotiations at the end of July 2006, after the failure of six major member countries to make sufficient progress among themselves on the modalities of negotiations on two key areas, agriculture and non-agricultural market access (NAMA).

Many commentators have remarked that the suspension of talks will adversely affect the developing countries, as the completion of the Doha programme would have benefited these countries. After all, the negotiations were termed the Doha Development Agenda when they were launched and are now widely called the Development Round.

However, an objective analysis of the frameworks that have been developed up to now (including the WTO's General Council August 2004 framework agreement and the WTO's Hong Kong Ministerial statement of December 2005) and the major proposals that are on the table, would indicate that there is little development content. On the contrary, there would be few benefits for most developing countries, and the danger of costs (some of which involve serious losses, including the loss of policy space) in many areas. Therefore the suspension of the negotiations should lead to a review, rethinking and revision of the frameworks of the DWP, instead of a resumption of talks along the same lines.

This paper provides a summary of the state of negotiations before the suspension of talks, and some implications for developing countries. It takes a development perspective. It is only appropriate to use the yardstick of development concerns to assess the status of the negotiations, especially in view of the proclamation that this is a Development Round. The Doha Ministerial Declaration adopted in Doha in 2001 provides the mandate for the negotiations. Its paragraph 4 states that the needs and interests of developing countries are at the heart of the DWP.

2. THE RISE AND FALL OF THE "DEVELOPMENT ISSUES"

Before and at the WTO's Doha Ministerial Conference in 2001, the developing countries argued that there must be a period spent at the WTO to "rebalance" the WTO agreements

resulting from the Uruguay Round and that this should be done before commencing new negotiations in other areas. The rationale given by the developing countries was that

many of the existing WTO agreements are biased against their interests, and that this situation must be rectified in order to attain a more balanced multilateral trading system. Among their arguments was that the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement puts onerous burdens on the developing countries (raising the cost of consumer products such as medicines, and hindering innovation and technology upgrading); the TRIMs (Trade-Related Investment Measures) Agreement prohibits investment measures such as local content policy that are useful development tools; and the Agriculture Agreement has allowed the developed countries to maintain their high protection in this sector (through high domestic support and tariffs) while requiring the developing countries to liberalise their food imports, at the expense of food security and farmers' livelihoods.

At Doha, the developing countries succeeded in incorporating two direct "development issues" into the Doha Work Programme and as part of the single undertaking, meaning that negotiations to obtain legally binding outcomes on these two issues would be an integral part of the overall outcome of the Doha negotiations. The two issues are: "implementation issues" (more than a hundred proposals by developing countries on how to resolve problems arising from the implementation of the Uruguay Round agreements) and "special and differential treatment" (SDT) (numerous proposals by developing countries on strengthening existing SDT provisions in various WTO agreements and introducing new SDT provisions where necessary).

These two issues were scheduled to be resolved before new negotiations on market access in agriculture, non-agricultural market access (NAMA) and services. This is reflected in the earlier deadlines for completing negotiations on these two issues as compared with the deadlines for the market access issues of agriculture, NAMA and services.

Unfortunately there has been very little progress on these two issues, even after five years. They have instead been accorded low priority. After the WTO's Ministerial Conference in Cancun in 2003, these two issues were excluded from the list of four issues that were said to be of immediate importance to resolve. Since then the implementation issues seem to have dropped off the negotiating radar screen, except for a couple of issues (on which there has also been very limited progress). On the SDT issues, conclusions were tentatively made on a set of only 27 issues but these were issues that were commercially insignificant. A few more issues concerning least developed countries (LDCs) have been tentatively agreed on. However the bulk of SDT issues remain unresolved.

Moreover, in an ironic and surprising turn of events, the deadline for reaching conclusion on the SDT set of issues was set at December 2006, whereas the deadline for concluding negotiations on modalities for agriculture and NAMA was set at April 2006. Thus the order of scheduling (and prioritising) of the development issues vis-à-vis the market

access issues has been reversed, denoting the vitally important (and negative) shift in priorities and emphasis of issues since the Doha Work Programme was initiated. It is unlikely that there will be significant results, or any results at all, in the implementation issues and in the remaining SDT issues, if the trend is maintained.

3. AGRICULTURE

Much of the negotiating energy of the DWP had gone into agriculture, before the talks were suspended. However, from a development perspective, the negotiations have been lacking, both in process and substance.

On the process, many developing countries, including those in the African, Caribbean and Pacific (ACP) Group, have spoken up on how only a few members seem to be dominating the negotiations. The agriculture negotiations were initially conducted mainly and exclusively by the so-called "Five Interested Parties" (US, EU, Brazil, India and Australia); and then Japan was included to form the G6. The other WTO members were expected to wait for the G6 to reach agreement among themselves, and their role was seen to be confined to endorsing any deal reached by the six. Often the majority of the members were kept waiting for the six to make a decision, without even knowing what was being discussed by them, what the different positions were, or even where they were meeting.

On substance, the negotiations are guided by the Doha Declaration (2001), Annex A of the August 2004 Framework, and the 2005 Hong Kong Declaration.

On export subsidies, the Hong Kong Declaration agreed on elimination by end-2013, and there is also a stipulation for front-loading (i.e. for most reduction to take place at the start of implementation). As Das (2006) has commented: "There is no reason for export subsidies to continue at all; hence the bulk of [the developed countries'] export subsidies, say 90%, should be eliminated right at the end of the first year of the implementation period of the outcome of the negotiations."

On domestic support, there is a lot of confusion: (a) on the difference between the allowed levels (i.e. the maximum levels) that members commit not to exceed, and the applied (or actual) levels of the various subsidies; and (b) on the different types or "boxes" of subsidies.

The WTO's Agreement on Agriculture (AoA) distinguishes between different types of domestic support. Firstly a distinction is made between "trade-distorting" and non-trade-distorting subsidies. Members are obliged to fix maximum levels for trade-distorting subsidies and to reduce some of these allowed maximum levels. For subsidies considered non-trade-distorting (the Green Box), there are no maximum levels, and thus members can increase these subsidies without limit. The Green Box subsidies (such as payments to farmers to protect the environment) are supposed to be "decoupled" from production, and thus they supposedly do not distort trade; however, some experts have pointed out

level (in the case of the US) or in the applied level that is already planned for (in the case of the EU, with reference to its CAP). This is one of the present stumbling blocks to the reaching of an agreement on agriculture modalities.

In October 2005, the US announced the following offer: It would cut the allowed AMS by 60%; restrict the Blue Box to 2.5% of production value; and reduce the allowed *de minimis* support from 10% to 5% of production value. This may sound generous at first sight. However, analysis has shown that in fact this offer would allow the US to have a level of total allowed TDS of \$22.7 billion. This compares with the \$21.4 billion of actual TDS in 2001 (the last year in which the US notified to the WTO); and the \$19.7 billion of actual TDS in 2005 that was estimated in a simulation exercise by WTO members.

In other words, the US offer would allow it to maintain a total TDS of \$22.7 billion, which is \$3 billion higher than its actual 2005 level. This offer was not acceptable to its partners (namely the EU, Brazil, India and Australia) in the June and July 2006 meetings of the G6 Trade Ministers in the WTO. They argued that the US would not have to effect any real cuts in its present TDS but would even have the "water" or space to increase its TDS by \$3 billion. The refusal or inability of the US Trade Representative to improve on this offer was the immediate cause of the breakdown of the G6 talks, which in turn led to the suspension of the Doha negotiations. The demand of the developing countries in the Group of 20 (G20) is that the US reduce its allowed TDS to \$12 billion, and the EU reportedly asked for a level of \$15 billion.

From 2001 onwards (to now), the allowed levels of trade-distorting support for the US were estimated as follows: (1) Amber Box \$19.1 billion; (2) *de minimis* \$19.8 billion (being 10% of production value), made up of \$9.9 billion for product-specific support (5% of production value) and \$9.9 billion for general support (5% of production value); and (3) an implied level of Blue Box subsidy of about 5% of production value, and a total allowed TDS of \$48.2 billion.

The US actual levels in 2001 (as notified to the WTO) were: (1) Amber Box \$14.4 billion; (2) *de minimis* \$7.0 billion (made up of \$216 million product-specific support and \$6.8 billion general support); (3) Blue Box zero; and (4) total actual TDS \$21.4 billion. The Green Box subsidies were \$50.7 billion. Thus total domestic support was \$72.1 billion.

The US offer of October 2005 was that it would: (1) reduce allowed AMS by 60% to \$7.6 billion; (2) reduce the allowed *de minimis* to 5% of production or \$10 billion [made up of \$5 billion product-specific support (2.5% of production) and \$5 billion general support (2.5% of production)]; and (3) cap the Blue Box to 2.5% of production value or \$5 billion. The total allowed TDS would thus be \$22.7 billion (or a 53% cut from the present total allowed TDS of \$48.2 billion).

The European Union made its offer on domestic support on 28 October 2005. This comprised the following: 70% cut in allowed AMS; 80% cut in allowed *de minimis*; and

that many of these subsidies are also distorting in that they provide grants to recipients which assist them to maintain farming as a viable occupation, and that without these payments some of the farms or some of their production would not exist.

On the first category of domestic support, the developed countries have been permitted by the AoA to maintain high allowed levels of trade-distorting domestic support or TDS. These trade-distorting subsidies are in three categories: (1) the Aggregate Measurement of Support (AMS) or Amber Box, which is linked to intervention on agriculture prices and considered the most trade-distorting; (2) *de minimis* support (certain amounts of domestic subsidy that are allowed, calculated as a percentage of the value of agricultural production); and (3) the Blue Box subsidies (which are supposed to be linked to setting limits on production), which are also considered trade-distorting but less distorting than the Amber Box. The total TDS thus comprises these three types. The AoA obliges developed countries to reduce their total AMS by 20% by 2000 below the 1986-88 level, and to limit their *de minimis* support to 10% of production value (of which 5% is for general support and 5% for product-specific support); developing countries have to reduce their AMS by 13% and limit *de minimis* support to 20%. No limit was set on the Blue Box.

Since the Uruguay Round, the developed countries have been reducing their actual levels of AMS to below the allowed levels, and they were able to do this partly by shifting the subsidies from one box to other boxes. In a dispute settlement case on cotton, it was found that the US had been wrongly shielding some trade-distorting subsidies within the Green Box, and was asked to change its policies accordingly. The US has to remove these subsidies, or to shift them into one of the trade-distorting boxes. One option is to move the subsidies to the Blue Box (which it has previously not used), and the US thus seeks to change the definition or criteria of this box to enable the shifting to take place. The EU, which makes extensive use of the Blue Box, is reducing its "trade-distorting" subsidies, but significantly increasing its Green Box subsidies (decoupled payments) under its Common Agricultural Policy (CAP) reform. The Green Box subsidies are not under reduction discipline and thus can be raised without limit.

The EU and US have considerable leeway to (1) move trade-distorting subsidies from the Amber Box to the Blue Box and *de minimis* in order to make fuller use of their total allowed TDS; (2) make creative use of the Green Box which has no limits and has loose criteria at present, and thus enable some subsidies that are in effect trade-distorting to be counted as non-trade-distorting subsidies.

The level of the total actual TDS is presently far below the level of total allowed TDS for the US and the EU. Therefore the developed countries can afford to reduce the level of allowed TDS significantly, before the cut reaches the level where the present actual TDS is affected. In the informal language of WTO negotiations, this would mean the US and EU would only cut "water" (i.e. the difference between allowed and actual subsidies) and not their actual subsidies. This is the reason why the EU and US have been able to announce offers to cut their AMS and their total allowed TDS by a seemingly large degree, while in reality these offers do not necessitate real cuts in the present applied

restriction of the Blue Box to 5% of production. The total allowed TDS would be cut by 70%.

Some independent analysts have estimated that the EU would also not have to reduce its already planned level of actual domestic support with its proposal. In fact there will be some "water" between, on one hand, what the EU has already scheduled to do under its CAP reform, and the proposed new level of allowed trade-distorting support in its WTO proposal; and thus the proposal enables the EU to have a level of domestic support beyond what it had planned in the CAP. According to one expert estimate, this "water" is around Euro 6 to 13 billion, depending on the assumptions (Berthelot 2005).

In an analysis of the EU offer on domestic support, Berthelot (2005) concludes: "The claim by the EU that it is offering huge cuts in agricultural domestic supports is not backed by the evidence. In fact, the EU has given itself room to increase its supports beyond what the CAP reforms have mandated it to do. This analysis shows that [EU Trade Commissioner Peter] Mandelson's offers are actually compatible with the CAP reforms of 2003-04, in that they do not commit the EU to do more than what it has already planned to do, and in fact give it the space to have supports at levels higher than it had planned under the CAP reforms."

The present estimated allowed levels of trade-distorting support of the EU are as follows: AMS Euro 67.2 billion; *de minimis* Euro 19 billion; and with the inclusion of the actual Blue Box level (of year 2001/2) of Euro 23.7 billion, the total allowed TDS is estimated at Euro 110 billion.

In 2001/2, the actual levels of trade-distorting support of the EU were: AMS Euro 43.7 billion; *de minimis* Euro 1 billion; Blue Box Euro 23.7 billion. Total actual TDS was Euro 68 billion.

Through the CAP reform, these actual levels are planned to be scaled back so that by 2008 the actual levels are expected to be: AMS Euro 18.8 billion; *de minimis* Euro 1 billion; Blue Box Euro 7 billion; Total TDS Euro 26.8 billion.

The EU's 28 October 2005 offer at the WTO would bring the allowed levels to the following: the allowed AMS to be cut by 70% to Euro 20.2 billion; *de minimis* to be cut by 80% to Euro 3.8 billion; Blue Box restricted to 5% of production at end of implementation period to Euro 12.3 billion. The total of these three would be Euro 36.3 billion. However the EU also committed to bring down its allowed total TDS by 70%, implying a level of Euro 33 billion.

The significant conclusion is that the EU offer to cut its allowed total TDS by 70% to Euro 33 billion still allows it to have "water" of Euro 6.2 billion above the Euro 26.8 billion that it had already planned for its actual total TDS in 2008 upon completion of the CAP reform. In other words, the EU's offer to the WTO allows it to increase its planned actual total TDS by more than Euro 6 billion.

The conclusion from the above is that even when considering only the trade-distorting support, the US and EU offers are not sufficient to ensure real cuts in the actual or the already planned levels of domestic support. Moreover, the developed countries can continue to use the Green Box subsidies without limit as the August 2004 Framework and the Hong Kong Declaration do not put a cap on these. Some of these Green Box subsidies are actually trade-distorting (as the cotton dispute decisions have shown) and should have been allocated to the trade-distorting boxes such as Amber or Blue or *de minimis*.

As Das (2006) has pointed out: "The really significant escape route is the Green Box which amounts to US\$50 billion and Euro 22 billion in 2000 respectively in the US and EU and the possibility of unlimited increase in future... Thus the Green Box, particularly its window of 'decoupled income support' (paragraph 6 of Annex 2 of the AoA) will continue to be the route to give farmers unlimited amounts as subsidies." Das also comments that the G20 proposal has the aim of disciplining the Green Box but does not give specific quantitative criteria, and he suggests that the criteria for the Green Box (especially the decoupled income support) include eligibility of farmers in terms of their lower economic status, a ceiling on payments to individual farmers in a year, and exclusion of companies from such payments.

On market access, it has been agreed that tariffs be cut according to a "tiered formula" in which there are three or four bands according to tariff ranges, with the band of highest tariffs to be cut by the highest percentage, and so on. There is pressure from the US and the Cairns Group and some exporting developing countries to have a high ambition in cutting agricultural tariffs steeply. This is resisted by the EU and the G10 developed countries that have defensive interests. The US has proposed that tariffs in developed countries be cut sharply by 60 to 90%, according to a tiered formula. It wants developing countries to reduce by almost the same rates. The EU has proposed more lenient cuts for developed countries and the designation of 8% of tariff lines as sensitive products which are eligible for even more lenient treatment. The EU proposal has been estimated (by the G20 for instance) to result in an average cut of 39% for itself (without yet calculating the effects on this average of the inclusion of sensitive products). The G20 is quite ambitious in the cuts it proposed for developed and developing countries. Its proposal indicates an average 54% tariff reduction for developed countries and an average 36% for developing countries. The ACP Group has recently tabled a proposal with more lenient reductions for developing countries.

The EU offer is seen as inadequate for not resulting in significant cuts, especially in products with high tariffs. The EU informally indicated it was willing to increase its offer so as to result in an average tariff cut of around 50% (near to but not reaching the G20 request of 54%). This new offer is contingent on an adequate offer by the US on domestic support. However the US (which wants an average 66% cut by the EU) also indicated that the EU offer is still inadequate.

From a development perspective, the developing countries are most likely to get a bad deal, because there is a likelihood that the developed countries' domestic subsidies will not be really reduced, or at best by only a little. Thus the developed countries will be

able to continue to dump products that are subsidised at artificially low prices onto the poorer countries that cannot afford to subsidise. The import of subsidised food such as chicken, tomato, maize and rice from the EU and US into Africa, Central and South America and parts of Asia is a result of such subsidies. The developing countries are only able to defend themselves through tariffs, due to their inability to subsidise significantly, and due to the prohibition on quantitative restrictions. Yet they are being obliged to cut their tariffs even more steeply than during the Uruguay Round, especially since they have to cut all their tariffs (line by line) by the formula, unlike in the Uruguay Round when they only had to cut their tariffs by an overall average of 24% (subject to a minimum cut in all lines).

For countries with ceiling bindings, the problem is worse as they have bound all their agricultural tariffs at high levels. According to the tiered formula, this means that they have to cut all their tariffs by the highest or near the highest rate.

Countries that receive trade preferences will also suffer the erosion of their preference margin. The steeper the tariff cut on preference products, the more the erosion of preference.

Most of the developing countries have defensive interests in agriculture and their main priority has been to protect the interests of the small farmers whose livelihoods and incomes are at risk from having to compete with imports. Grouped under the G33, many of these countries have been fighting to establish two instruments that developing countries can use -- "special products" or SP (products linked to food security, livelihood security and rural development which they argue should not be subject to tariff reduction or should be subject to only small reductions) and "special safeguard mechanism" or SSM (through which tariffs on agricultural products can be temporarily raised above the bound rates when there is a rise in import volume or a fall in import price beyond a certain extent to be negotiated).

The G33 (comprising over 40 countries) have made a firm stand that there can be an overall deal to conclude the Doha Work Programme if the provisions on SP and SSM adequately meet the countries' needs to protect and promote food security, farm livelihoods and rural development. The group has proposed that developing countries be allowed to self-designate 20% of agricultural tariff lines as SPs. It has also proposed the price and volume "triggers" that would enable a developing country to make use of the SSM, and in what manner. However there is strong resistance especially from the United States that has stated that the G33 proposal on special products would block its access to developing countries' markets. It has counter-proposed that SPs be restricted to only 5 tariff lines. It also presented a proposal on SSM that severely restricts the conditions and manner of its use and thus renders it ineffective. A few developing countries that have an agricultural export interest have also opposed the G33 proposals. When negotiations resume, the US and a few other countries can be expected to put pressure on the developing countries in the G33 to make large concessions, while these countries can in turn be expected to resist the pressures. The pressure and resistance may well become the

major battle of the future negotiations. It is unclear to what extent of effectiveness the SP and SSM instruments will be allowed to function eventually.

The ACP Group has also presented its own proposal on market access, which includes a formula in which the developing countries will have to cut their tariffs by lower rates than in the formulae of the US or G20. Also, countries with ceiling bindings do not have to cut their tariffs according to the tiered formula. And some proposals are made to moderate the tariff cuts on products that are receiving preferences, so that the loss of preference margin will not be so great. It remains to be seen if the ACP proposals will be considered seriously by the other members.

The agriculture negotiations are made more complicated by the fact that the US and the EU are demanding that their proposals be linked to the condition of extreme liberalisation commitments to be undertaken by developing countries in NAMA.

4. NON-AGRICULTURAL MARKET ACCESS (NAMA)

This is an area where the outcome appears likely to be the least development-friendly. The August 2004 Framework on NAMA (in Annex B), supplemented by the Hong Kong Declaration, is very tilted against the developing countries. A new system is being created that will remove or reduce the present development flexibilities in the General Agreement on Tariffs and Trade (GATT). As a result, the deindustrialisation process that is already taking place in many countries will accelerate.

First, members are asked to bind all their industrial tariffs. At present, each country can choose how many of their tariff lines they want to bind. This flexibility will be removed as the August 2004 Framework requires all members to bind 100% of their lines, or at least 95%.

Secondly, unbound tariffs will have to be bound at low levels. This is because the August 2004 Framework proposes that the applied rates of unbound tariff lines will be multiplied by two and then a formula will be used to reduce the tariff rates to the new bound levels. In many cases the new bound rates will be significantly below the applied rates, which are already low because of structural adjustment. In contrast, up to now, each country is allowed to choose at which level to bind their previously unbound tariffs. The removal of this flexibility would have serious implications. These implications would be grave if the August 2004 Framework is adopted, because for the first time ever in the GATT/WTO system the applied rates would be used in calculating the newly bound rates, and the formula linking the two is so strict that the new bound rates will likely be close to or below (in many cases significantly below) the applied rates.

Thirdly, for the first time, developing countries will be subjected to a formula to reduce tariffs. And it will be a Swiss formula, which cuts higher tariffs more deeply than lower tariffs. Since most developing countries have quite high industrial tariffs, their tariffs will be cut more steeply than the tariffs of developed countries (unless the developing

countries are allowed to have vastly different coefficients in the formula than the developed countries). If developing countries have to cut their tariffs more than developed countries, this also goes against the principle of "less than full reciprocity" that is mandated in the Doha Declaration. The depth of cuts depends firstly on the formula and secondly on the coefficient agreed to. On the first, a non-linear formula was agreed to in the August 2004 Framework and the Swiss formula (a variant of the non-linear formula) was agreed to in the Hong Kong Declaration; the Swiss formula's characteristic is that higher tariffs are slashed at higher rates. On the second, the developed countries agree that there can be two coefficients: one for developed countries and one for developing countries. However they also insist that there not be much difference between the two coefficients, with the coefficients 10 (for developed countries) and 15 (for developing countries) being mentioned. The lower the coefficient, the more drastic the rates of reduction. The coefficient also denotes the maximum level of tariff after the reduction exercise. Thus a coefficient of 15 for developing countries implies that their industrial tariffs will be brought down to less than 15%.

Fourthly, the cuts are to be done on a line-by-line basis. This means that every product will be cut by this drastic formula. In the Uruguay Round, the developing countries had to cut their tariffs by an overall target of 30%, but they could choose at which rate to cut which product's tariffs, so long as the overall average came to 30%. This flexibility is to be removed.

Finally, there is a "sectoral approach" in which tariffs will be eliminated in products belonging to certain selected sectors. Developing countries want this approach to be on a voluntary basis. But pressures are being put on them to participate.

There are non-tariff barriers (NTBs) which hinder the access of developing countries' products to developed countries' markets. NTBs are supposed to be an integral part of the negotiations in NAMA. However this issue has been given low-priority treatment and it is unlikely that there will be any significant outcome in this area which is of high export interest to developing countries.

Some flexibilities are provided in the August 2004 Framework to developing countries, but they are very few and very limited. The flexibility is that they can EITHER (1) apply less than formula cuts to up to [10]% of the tariff lines provided that the cuts are no less than half the formula cuts and that these tariff lines do not exceed [10]% of the total value of a member's imports; OR (2) keep as an exception, tariff lines unbound, or not applying formula cuts for up to [5]% of tariff lines provided they do not exceed [5]% of the total value of a member's imports.

There is a marked imbalance or unfairness in the meanness of this flexibility for developing countries in NAMA, when it is compared with the generous flexibilities proposed by the EU or the G10 for themselves in agriculture. The EU has for example proposed that 8% of developed countries' agriculture tariff lines can be self-designated as sensitive products (which will then not be subjected to the full formula cuts) and they are not limited to 8% or any level of total import value; compared to developing countries'

flexibilities in NAMA where only 10% of tariff lines can enjoy less than full formula cuts (even then limited to half the formula cuts) and these tariff lines are limited to 10% of total import value. Even then, the developed countries (backed by a few developing countries) want to reduce the NAMA flexibility for developing countries by reducing the numbers in the brackets, or to link them to the severity of tariff reductions (i.e. the coefficient).

For developing countries that have bound less than 30% of their tariffs (known as the paragraph 6 countries), there is a concession that they need not be subject to the formula. However the August 2004 Framework requires them to bind all their tariffs, and at a level that is the average level of bound tariffs of developing countries (taken to be 27.5%). This is an inadequate concession, for it would still ask too much of these countries in terms of wide and rapid liberalisation. These countries have put forward their own proposal for more flexibilities, but this has so far not been accepted.

The aggressiveness of the developed countries in NAMA contrasts with the leniency with which they would like themselves to be treated in agriculture, where they have more defensive interests.

For many developing countries, the obligations they have to undertake if the NAMA negotiations proceed along the present lines will require them to cut their tariffs steeply, and this will only worsen in future rounds of negotiations. It will accelerate the deindustrialisation process that is already under way in many developing countries, and hinder the prospects of their industrial development.

In the negotiations till now, most developing countries feel disadvantaged that they are unable to see the full picture of the implications of variations of formulae and coefficients on their tariffs (and on their domestic industries). Few countries have the technical capacity to work out the national figures for themselves.

The difficulties are compounded by the fact that the discourse on the NAMA tariff reduction exercise is carried out normally in terms of coefficients and formulae. It is very difficult for diplomats and policy makers (except those who are mathematically trained) to quickly translate the coefficients into what they mean in terms of percentage reductions of various tariff lines.

The developed countries have projected the idea that having two coefficients would take care of the requirements of special and differential treatment for developing countries, and even of the "less than full reciprocity in commitments" principle that was mandated by the Doha Declaration. But merely having separate coefficients will not fulfil these two requirements, unless there is a vast difference in the coefficients. For example, if a coefficient of 10 in a simple Swiss formula is applied to developed countries, then the EU states, which have an average bound tariff of 3.9%, will only cut their bound tariffs approximately by 28%. With a lower coefficient of 5, the EU's cut would be by 43.8%.

Compare this with the situation of a developing country with an average bound tariff of 30%, which is about the average level for developing countries. If a coefficient of 10 is applied, the average tariff would fall from 30% to 7.5% (or a reduction of 75%, far more than the EU's 28%). A coefficient of 15 leads to an average 10% final tariff (or a 66.6% reduction). A coefficient of 20 leads to a final tariff of 12% (60% reduction). Even a coefficient of 30 leads to a final tariff of just 15% (50% reduction).

In these cases (coefficients 10 to 30), the developing country would have to undertake far deeper cuts than the EU.

Only at much higher coefficients will this developing country undertake similar percentage reductions as the developed countries. For example, with a coefficient of 70, the developing country will cut its tariff from 30% to 21%, a reduction of 30%. This is still more than the 28% reduction by the EU if it applies a coefficient of 10.

However, the developing countries are not required to undertake the same level of commitments as the developed countries since the Doha Declaration says they are to undertake "less than full reciprocity in reduction commitments". They can cut their tariffs by less than the percentage rates of developed countries.

If the EU were to cut its tariffs by an average 28%, then the developing countries should be required to cut by only a fraction of that. If that fraction is half, then their required reduction is 14%. If the fraction is two-thirds, the required reduction is 18.5%.

Taking the two-thirds fraction, the developing country in our example would have to reduce its average tariff by 18.5%, or from 30% to 24.5%. It would require a coefficient of 120 to cut the tariff from 30% to 24% (or by 20%).

Thus, a coefficient of 10 for the EU would mean that the developing country would need a coefficient of at least 120 in order that the less-than-full-reciprocity principle is met. (This analysis is also valid in relation to the US as its average industrial tariff is even lower than that of the EU.)

This fact is not so immediately evident because most of the discussions are in terms of formulae and coefficients, when it should be in terms of percentage cuts, as happens in the agriculture negotiations, and as has happened in previous GATT negotiations. There is ground for concern that many developing countries that are affected by the formula are finding it more difficult to follow the negotiations. This may remain so unless it is made transparently clear to them what percentage reductions are involved with each coefficient and formula.

The danger is that with the confusion engendered by discussions focusing on coefficients, developing countries will be put under greater pressure to give in to the demands of the developed countries to accept a low coefficient, which would require their tariffs to be slashed by very high percentages.

As a result, the local industries in many sectors and many countries would not be able to withstand competition from imports that suddenly become much cheaper. Governments would also lose a significant part of their revenue, as tariffs are brought down sharply and suddenly. The prospects of future industrialisation of the affected developing countries would also be adversely affected.

The implications of the NAMA proposals are serious as their adoption is likely to exacerbate the deindustrialisation that has already taken place because of rapid liberalisation, mainly under the structural adjustment programmes of the IMF and World Bank. For example, the domestic industries of many African countries have closed or have been seriously damaged in the 1980s and 1990s.

There is a myth that developed countries and successful developing countries industrialised because they had low or zero tariffs, and that the lower the tariff the higher the industrial growth. In fact, developed countries made use of high tariffs to protect their industries during their industrialisation phase. Also, the successful East Asian economies of Taiwan, South Korea and Japan resorted to tariff measures to pursue their industrial development. Two recent papers, by Ha Joon Chang (of Cambridge University), and by Yilmaz Akyuz (former Chief Economist of the UN Conference on Trade and Development (UNCTAD)), have demonstrated this.

For example, the US maintained average applied industrial tariffs of 40 to 50% from 1820 to 1931. France had average tariffs of 20 to 30% from 1913 to 1931. Spain had 41% tariff in 1913 and 1925, rising to 63% in 1931. Germany's tariff was 20-21% in 1925 and 1931 and 26% in 1950 (Chang 2005).

The US had 44% tariff in 1913 when its per capita income (at 1990 prices) was \$5301, and 14% tariff in 1950 when its per capita income was \$9561. Germany had 26% tariff in 1950 when its per capita income was \$3881, and the UK's tariff in 1950 was 23% (\$6907 per capita income). In 2001, the average applied tariff was 13.6% for LDCs (\$898 per capita income), 8.1% for developing countries (\$3260 per capita income), 10.4% for Brazil (\$5508 per capita income), 12.3% for China (\$3728 per capita income) and 24.3% for India (\$1945 per capita income). (Per capita incomes are on a PPP basis at 1990 prices.) (Akyuz 2005: p14).

Asking developing countries to reduce their tariffs to very low or zero levels is akin to industrial countries, having reached the roof, kicking away the ladder which others are climbing.

The ability to use tariffs for industrialisation is all the more important since the use of other tools (which other countries had used during their industrialisation) has now been constrained by WTO rules, for instance on TRIMs and subsidies. Also, for many developing countries, customs revenues constitute 20 to 30% or more of government revenue, while for developed countries this is less than 1%. Cutbacks on government revenue could result in decreased social spending such as on health and education.

Another relevant point is that developing countries need the policy space and flexibility to be able to modify their tariff levels at various phases of industrialisation, as Akyuz (2005) has shown. In an early phase, a country would be wise to have higher tariffs on consumer goods it wishes to produce, while having low or zero tariff on inputs and machinery. In a second phase, it can lower the tariffs on consumer products as it gets more efficient, while raising tariffs on inputs that it may now want to produce. In a third phase it may increase the tariff on machinery so as to produce capital goods, while reducing tariffs on consumer goods and inputs. In an advanced phase it can afford to have low tariffs on the various categories of goods. Thus, it should not be the case that a country binds tariffs at low or zero levels on products it does not presently produce. It should have the space to increase its applied tariffs on some products as it develops. It is important to maintain the policy space, i.e. a difference between the bound and applied rates.

5. SERVICES

The WTO's services agreement, the General Agreement on Trade in Services (GATS), is said to be rather development-friendly because there are many development flexibilities built into its provisions.

In the present GATS architecture, a developing country can decide whether to enter any service sector in its schedules of commitments. Thus, sectors can be excluded. And if a sector is included in the schedule, the country can decide the extent of liberalisation to commit in that sector, in each of the 4 modes of service delivery. Restrictions and limits can be placed, for example restrictions on foreign equity ownership in Mode 3 on "commercial presence."

Negotiations are based on the bilateral request-offer modality. Countries can make requests for liberalisation in certain sectors. However, it is up to each developing country to decide how to respond to the requests it receives. The country can make as much or as little in its offers as it deems appropriate to its interests.

Additional "special and differential treatment" clauses have been established in the GATS and in subsequent documents that clarify that developing countries should be allowed to liberalise less than developed countries and to choose their own pace of liberalisation. These development provisions are especially contained in Article IV of the GATS, Article XIX (2) of the GATS, and the Guidelines and the Procedures for the Negotiations on Trade in Services of March 2001, which is the main document guiding the present services negotiations.

However these flexibilities and even the architecture of the GATS itself came under threat in 2005 from proposals for "benchmarking" or, in more recent terminology, "complementary approaches" or "establishment of targets and indicators." The proposals were mainly from developed countries including the EU, Japan and Australia, supported by the US.

Under these proposals, countries would be required to liberalise in a certain minimum number of key sectors. The EU on 28 October 2005 proposed that developing countries be required to improve their commitments or make new ones in 57% of the services sub-sectors. Other proposals are that developing countries would be required to bind in the GATS their present level of liberalisation in the various sectors, and then to extend the level of liberalisation through new GATS commitments. These proposed changes would, if accepted, affect the present architecture of the GATS and contradict the bottom-up and positive-list approach, thereby removing much of the present development flexibilities of the GATS.

Particularly targeted was the liberalisation of "commercial presence", or Mode 3 of the GATS. The developing countries were asked to open up a minimum percentage of sub-sectors for the participation of foreign service enterprises and providers. Some proposals called for developing countries to bind existing levels of actual liberalisation, and then go further by committing to liberalise even more deeply.

If this approach is adopted, it would remove many of the current development-friendly aspects of the GATS and would coerce many developing countries to commit to liberalise in several important services sectors such as finance, telecoms, distribution and professional service providers. The small service enterprises and professional services of developing countries will not be able to compete with the giant transnationals if developing countries' markets are rapidly opened up. A major component of their economies would be at the mercy of big foreign companies that choose to establish commercial presence.

Another proposal by the developed countries is that "plurilateral negotiations" be established, to complement the bilateral request-offer modality. In the plurilateral modality, a set of countries that demand wider and more rapid opening in a service sub-sector can formulate their demands and requests to a set of countries for negotiations on these demands. This plurilateral approach was also opposed by many developing countries which believed that they would be subjected to greater pressure under this method, and that this would also go against the development flexibilities of the GATS.

At the Hong Kong Ministerial Conference in December 2005, the "benchmarking" or "numerical targeting" approach was rejected by a large number of developing countries, and thus it has been left out of the negotiating agenda, at least for now. However the "plurilateral" modality of negotiations was adopted, despite the opposition and reservations of many developing countries during most of the Conference period.

After the Hong Kong conference, the new modality of plurilateral negotiations has been implemented, and a number of rounds of plurilateral negotiations has been conducted, in more than 20 sub-sectors or areas of negotiations.

The course of the services negotiations shows the intense pressures that the developing countries have come under to liberalise their services sub-sectors under the Doha Work

Programme. In fact the negotiations for modalities for the services negotiations had been completed already, with the Guidelines and the Procedures for the Negotiations on Trade in Services adopted in March 2001, ahead of the modalities for agriculture and NAMA (which are yet to be settled). Despite this early resolution of services modalities, the developed countries put the developing countries under severe pressure to totally alter these Guidelines and Procedures by introducing new modalities (benchmarking and plurilateral approach). This was another attempt to stress the "market access" aspect of the Doha programme, at the expense of the development aspect.

The developed countries argued that they need the new approach in order to get developing countries to liberalise at a faster rate. But this goes against the principle that developing countries be able to choose their own rate of liberalisation, which is the centrepiece of the GATS.

Moreover, the developed countries themselves have moved very slowly, if at all, in the only area where most developing countries could benefit from the GATS, which is in Mode 4 or the movement of people. The offers by them have been few and of low quality. Thus, developing countries rightly argue that it is the developed countries that are not forthcoming in making services commitments, and that they should not pressurise the developing countries to liberalise faster than what they can bear.

6. CONCLUSION

Due to unrelenting pressure by the developed-country members of the WTO, led by the US and EU, the Doha Work Programme negotiations have veered from their proclaimed direction oriented to a development-friendly outcome, towards a "market access" direction in which developing countries are pressurised to open up their agricultural, industrial and services sectors.

A development-oriented outcome would have (1) given top priority to satisfactory conclusions on resolving the "development issues" (implementation issues and the strengthening of special and differential treatment); (2) resulted in significant real reduction in domestic support and in tariffs in agriculture in developed countries, while enabling developing countries to protect and promote the interests of their small farmers; (3) allowed developing countries to continue to make use of existing flexibilities in NAMA so as to promote domestic industrial development, while developed countries commit to eliminate or significantly reduce their industrial tariff peaks and high tariffs and eliminate their non-tariff barriers; (4) enabled developing countries to maintain and make full use of the development flexibilities contained in the GATS and reaffirmed in the March 2001 Guidelines and Procedures for the services negotiations.

Besides the above, there are several other development outcomes expected by developing countries, such as resolving the issues of the relationship between the TRIPS Agreement and the Convention on Biological Diversity (for example, by amending TRIPS to incorporate requirements for the disclosure of the source of origin of genetic materials and traditional

knowledge); and providing meaningful concessions and preferences for least developed countries.

However, the developed countries have succeeded in (1) marginalising the "development issues"; (2) minimising or trivialising the development components (including the principles of special and differential treatment and less than full reciprocity) in the agriculture and NAMA negotiations; (3) not committing to reduce their total trade-distorting domestic subsidies beyond the actual levels or the already planned levels, and not committing to effectively discipline or limit Green Box subsidies and thus ensuring their continuation of high subsidisation in agriculture; (4) introducing new modalities in services which make it potentially easier to pressurise developing countries to liberalise, while not making meaningful offers in areas (especially Mode 4 on labour services) that can practically benefit developing countries; and (5) so far blocking progress in the TRIPS negotiations on disclosure on genetic resources and traditional knowledge.

The developed countries have turned the negotiations into demands for market access opening by developing countries in all three areas of agriculture, NAMA and services. As the Indian Commerce Minister, Kamal Nath, correctly pointed out in the June-July 2006 meetings in the WTO, this was supposed to be a Development Round, but the developed countries are trying to ignore development concerns and turn it into a Market Access Round, which he found unacceptable.

The current impasse in the negotiations (with the Doha talks suspended in all areas) provides an opportunity to review the negotiating positions and proposals from a development perspective.

On the development issues, it is imperative that progress is made, in order to rebalance the existing WTO rules in the various areas, and make the multilateral trading system more fair. As these issues are part of the single undertaking, it must be made clear that there can be no agreement on the Doha Work Programme unless there is a satisfactory outcome on the development issues.

On agriculture, the developed countries have to improve their offers on reducing their total allowed trade-distorting subsidies to levels that would significantly cut their actual or planned levels, including at the product level. There should be effective disciplines on the Green Box subsidies, including criteria on which farmers are eligible to receive them, and limits placed on amounts receivable per farmer, while excluding corporations. Developing countries should have enough flexibilities in their market access obligations (in the tariff-reduction formula and in special products and special safeguard mechanism) that allow them to effectively safeguard food security, livelihood security and rural development.

It should be recognised that the current NAMA frameworks (Annex B in the August 2004 Framework and the Hong Kong Declaration) are inappropriate for meeting the desired goals of facilitating industrial development in developing countries. The proposed outcome would seriously erode the present flexibilities available to developing countries.

A standard tariff-reduction formula to apply to all affected members is inappropriate. This is all the more inappropriate when a non-linear Swiss formula is chosen and when it is to be applied on a line-by-line basis. The flexibilities remaining, as provided for in paragraph 8 of Annex B, are too limited and even then there are proposals to further limit these flexibilities or even remove them.

There should be a rethinking of the modalities as Annex B is inappropriate and potentially extremely damaging to the industrial prospects of developing countries.

A more suitable approach for developing countries is that of the Uruguay Round, in which developing countries committed to reduce tariffs by an overall and average target rate. During the Uruguay Round, members could choose the method by which to cut their tariffs, as long as they met the minimum target. Thus, for the current NAMA negotiations, members can choose to apply the Swiss formula if they so wish. But developing-country members should not be obliged to do so.

There should also be adequate flexibility in the treatment of unbound tariffs. The method of multiplying by two the applied rate and then applying the formula is unsuitable. Members should have the flexibility to retain a significant percentage of their tariff lines unbound, and also to bind their unbound tariffs at levels of their choice, as is the case under the current system.

On services, the existing principle of development flexibility should be upheld, that developing countries be able to choose which sectors they will commit to liberalise under the GATS, and to what extent, and at the time of their own choosing, according to national policy priorities.

The main negotiating method should remain the bilateral request-offer basis. Attempts to introduce "benchmarking" or "targets and indicators" where developing countries are obliged to commit in a certain number of sub-sectors have been rejected and should not be revived.

The plurilateral approach, which was agreed to in Hong Kong, should not be mandatory for a country to join. Any plurilateral approach should be on a voluntary basis and there should not be any pressure put on a developing country.

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BRIEFINGS

Who runs the world?

Wrestling for influence



The post-war global institutions have largely worked well. But rising countries and growing threats are challenging their pre-eminence

THE powerful, like the victorious, do not just write history. They grab the seats at the top tables, from the United Nations Security Council to the boards of the big international economic and financial institutions. They collude behind closed doors. They decide who can join their cosy clubs and expect the rest of the world to obey the instructions they hand down.

That is how many outsiders, not just in the poor world, will see the summit that takes place from July 7th to 9th of the G8, the closest the world has to an informal (ie, self-appointed) steering group. Leaders of seven of the world's richest democracies, plus oil-and gas-fired Russia, gather this year in Toyako, on Hokkaido in northern Japan, to ruminate on climate change, rising food and energy prices, and the best way to combat global scourges from disease to nuclear proliferation.

But in an age when people, money and goods move around as never before, this little group no longer commands the heights of the global economy and the world's financial system as the core G7 used to do when their small, purposeful gatherings of the democratic world's consenting capitalists first got going in the 1970s. Nowadays summits produce mostly lengthy communiqués and photo-opportunities. And Russia's slide from democracy into state-directed capitalism has lowered the club's political tone.

In an effort to show that the G8 is still up with the times, Japan, like Germany last year, has invited along for a brief chat leaders from five "outreach" countries: Brazil, China, India, Mexico and South Africa. Yet this handshake between those who did best out of the 20th century and some potential shapers of the 21st leaves hanging the question of how the old world order should be adapting to the new.

Might the world be better managed by such a G13? Or a G15 or G16, to include a couple of weighty Islamic states too? Or, to preserve the group's original globe-steering purpose, by a G12 of the world's biggest economies? Meanwhile, the global institutions set up after the second world war are also having to look hard at their own futures. Unlike the G7/8, which takes on a bit of everything, these institutions basically divide into two sorts: economic and financial, and political.

At the pinnacle of world political management, but looking increasingly anachronistic, is the UN Security Council. Of its 15 members, ten rotate at the whim of the various UN regional groupings. The other five, which wield vetoes and are permanent, are America, Russia, China, Britain and France, roughly speaking the victors of the last long-ago world war. Alongside them is a secretary-general (currently Ban Ki-Moon from South Korea; this job, too, tends to go by regional turn), a vast bureaucracy at UN headquarters in New York, and hundreds of specialised agencies and offshoots (see table).

Busy busy busy

	Year started	Number of staff	Budget, \$bn, 2007*	What it does
UNCTAD	1964	450	0.1	Integration of developing countries into the world economy
UNEP	1972	890	0.2	Promotes the environment
UNICEF	1946	7,200	3.1	Assistance to children and mothers in developing countries
UNDP	1965	5,300	4.9	Helps countries in their economic development
UNHCR	1950	6,300	1.0	Protection of refugees and resolution of refugee problems
WFP	1963	10,600	3.0†	Food for emergency needs and economic development
ILO	1919	1,900	0.5	Rights at work and employment opportunities
FAO	1945	3,600	0.8	Food and agriculture including forestry and fisheries
UNESCO	1942	2,100	0.7	Education, science, culture and communication
WHO	1948	8,000	1.6	Co-ordinating health matters
World Bank†	1944	10,000	26.8*	Technical advice, loans, credits and grants for poverty reduction and the improvement of living standards
IMF	1944	2,500	0.9	Monitoring countries' economic and financial development, lending for balance-of-payments difficulties
IFAD	1976	430	0.1	Rural poverty
UNIDO	1966	650	0.2	Promotes growth in small and medium enterprises
WTO (GATT)	1948	625	0.2	Trade agreements, negotiations and disputes
IAEA	1957	2,200	0.3	Scientific and technical co-operation in nuclear technologies; nuclear safeguards and inspections
OECD	1961	2,500	0.5	Analyses and forecasts economic development, research on trade, environment, agriculture, technology, taxation
BIS	1930	578	0.2	Co-operation among central banks, monetary and financial stability

Sources: Official documents, annual reports.
 * Regular budget and extra-budgetary resources: £200m. The Fund (that the income and IBRD provide money). \$FY07 administrative budget \$2.1bn, commitments \$24.7bn

The world had to be saved not just from another war, but from a repeat of the Great Depression of the 1930s. That job went to a clutch of institutions: the World Bank and the International Monetary Fund (IMF), jointly known as the Bretton Woods institutions after the place of their creation; the Organisation for Economic Co-operation and Development, a rich-country think-tank set up in 1961; the much older central bankers' Bank for International Settlements; and the World Trade Organisation (WTO, formerly the GATT).

They have been buttressed too by conventions, conferences, courts, declarations, dispute-mechanisms, special mandates and treaties governing everything from human rights to anti-dumping complaints. The whole elaborate architecture has had extra underpinning from strong regional organisations, such as the European Union, and less elaborate ones like the African Union and the various talking-shops of Latin America, the Arab world and Asia, as well as from steadying alliances, such as NATO.

As a result, there has been no return to the disastrous global conflicts of the first half of the 20th century.

Yet that very success has become one of three powerful pressures to adjust the way the world is run, as new economic winners (and some new losers) demand a say. Pressure also stems from intensifying resentment and frustration. After ringing declarations on human rights and even the adoption by a UN world summit in 2005 of a "responsibility to protect" against genocide and crimes against humanity, the UN Security Council still finds itself unable to agree to do much to protect the people of Darfur, Zimbabwe, Myanmar and others from the murderous contempt of their rulers—just as in the 1990s the UN failed the genocide victims in Rwanda.

If the Security Council, with a charter of high principles at its back, shows such feebleness towards tyrants (or to those who cavalierly flout nuclear treaties), doesn't it deserve to be bypassed? John McCain, the Republican candidate for president of the United States, supports the creation of a new League of Democracies which, its boosters argue, would have not only the moral legitimacy but also the will to right the world's wrongs effectively.

The third impetus to rejig the way the world organises itself is a dawning realisation on the part of governments, rich and poor, that the biggest challenges shaping their future—climate change, the flaws and the forces of globalisation, the scramble for resources, state failure, mass terrorism, the spread of weapons of mass destruction—often need global, not just national or regional, solutions. The shift in 21st-century economic power alone is justification for rebalancing influence in the top clubs. Much harder to figure out is which bits of the global architecture need mere tweaking, which need retooling or replacing—and who should have the right to decide.

After decades of dividing the world into the rich and powerful West and the developing (or emerging) "rest", China's rapid growth and the economic dynamism of East Asia had led to talk of a new "Pacific" century well before the old "Atlantic" one had ended. On present trends, somewhere between 2025 and 2030 three of the world's four largest economies will be from Asia. China will just pip America to top the global league, with India and Japan, both determined but so far unsuccessful campaigners for permanent seats on the UN Security Council, following on (though Chinese and Indians will still be, on average, much poorer than Americans or Japanese).

Not unipolar but what?

Yet talk of an Asian century sounds quaint. Despite America's brief "unipolar moment" as its rival pole, the Soviet Union, collapsed, Russia has recovered to join a rising China, America, Europe and Japan in a new constellation of big powers that is based on far more than the old boot-and-rocket counts of the cold war. Bring India into the snapshot, and you capture 54% of the world's population and 70% of GDP. Whether the leaders of this multipolar world will rub along or bash elbows remains to be seen.

Globalisation's increasingly unfettered flow of information, technology, capital, goods, services and people has helped spread opportunity and influence far and wide. To re-emergent China and Russia, add not just India but Brazil (these four bracketed by Goldman Sachs in 2001 as the upcoming BRICs), Mexico, South Africa, Saudi Arabia, South Korea and Australia, to name just some of the new winners as money changes pockets and the world turns faster.

A modern map of power and influence should also include transformational tools such as the internet; manipulators from lobbying NGOs to terrorist groups; profit-takers such as global corporations and sovereign wealth funds; and unpredictable forces such as global financial flows. The principal characteristic of this world, argues Richard Haass of the Council on Foreign Relations in a recent *Foreign Affairs* article, is not multipolarity but "nonpolarity". Dozens of actors, exercising different kinds of power, vastly complicate the effort to find a better balance of influence and responsibility. But the excuse of complexity is no answer to the demand for equity.

Some clubs have proved more responsive than others. China got a new economic start simply by ditching Marx, Lenin and Mao. But its reformers were able to tap the liberal rules-based system codified in the rules of the IMF and the World Bank (and later the WTO) for ideas as well as cash. China rejoined the bank in 1980 (the Nationalist government on Taiwan had been a founder member) just as its reforms got under way. Ironically, Communist-run China has since been one of the system's biggest beneficiaries. But it is by no means the only one. Despite the latest stockmarket dips and credit squeezes, world income per head has increased by more over the past five years than during any other similar period on record.

The IMF and the World Bank, pragmatic institutions from the outset, have adapted already, in fits and starts. In April the IMF reformed the peculiar formula by which it allocates votes and financial contributions according to economic size, reserves and other measures (see chart). China's share of votes will increase to 3.81%, still far short of its weight in the world economy. Meanwhile, old power patterns still determine who holds the two top jobs: the bank is run by an American, the fund by a European. But a bigger problem for both organisations is relevance.

Until the late 1990s the IMF, monitor of exchange rates and lender of last resort to struggling governments, had plenty of work. But emerging economies, once its chief clients and source of earnings in repaid interest and loans, are these days often awash with their own cash. Earlier this year the IMF board voted to cut staff and sell off about an eighth of its gold reserves (some 400 tonnes) to meet expected future funding shortfalls. With no obvious role in coping with the

Lenders and borrowers			
Voting shares, % (1% of total loans outstanding)			
	World Bank		
	IMF	IDA	IBRD
United States	17	13	16 (0)
Japan	6	10	8 (0)
Germany	6	7	4 (0)
Britain	5	5	4 (0)
France	5	4	4 (0)
China	4	2	3 (12)
Russia	3	0	3 (5)
India	2*	4*	3* (7)
Brazil	2†	3‡	4‡ (10)
Others	53	52	50 (67)

* Total for Bangladesh, Bhutan, India, Sri Lanka
† Total for Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Trinidad and Tobago
‡ Total for Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago
Sources: IMF; World Bank

aftermath of the recent banking and stockmarket turbulence, its future role may be more as an expert economic adviser.

Some worry that the world may still need a lender of last resort. Critics think the fund's days should be numbered and its reserves put to better use for development. Still others muse that what is needed is a World Investment Organisation, to set basic rules and better track the huge and complex flows of cash that now wash around in hedge funds, sovereign wealth funds, banks and financial markets.

The World Bank has a more certain future, but still needs to retool. Competition has stiffened from private capital markets. Many governments that once needed the bank's help for dams, roads and other big projects are earning plenty from the sale of raw materials. Even in Africa, the readiness of China and India to spend liberally without strings in pursuit of oil and minerals means that the Sudans and the Congos can take the bank's cash and ignore the conditions attached.

Yet the bank still has a role lending to unfashionable causes, or countries which donors neglect. It could also provide global public goods: funding energy-infrastructure and climate-change projects are two examples, agriculture another.

A bit too equal

While the bank and the fund are steered by their biggest shareholders, the WTO, though relying on a representative caucus of states to hammer out deals, belongs to all its members: India and Brazil, for example, are at the heart of the Doha round of trade talks. But egalitarianism can be a weakness as well as a strength.

Much admired, at least by government lawyers, are the 60,000 pages of jurisprudence that govern the workings of the WTO dispute mechanism, which has helped resolve many a trade spat. The WTO ensures that members do not discriminate among each other—the best deal they offer to anyone must be extended to everyone. This has helped level the playing field and expand world trade. Russia's is the only large economy still outside the WTO, and that is its choice.

Yet those wanting to join must strike deals with each of the existing members—now a daunting 152. Operating by consensus means that the Doha "development" round has bogged down in disputes between developed and developing countries over complex, reciprocal cuts in farm subsidies and tariff barriers. The prospects for moving on to services look dim. Slow progress has helped push many to forge bilateral or regional deals instead. And if the Doha round fails completely, the recriminations could run far and wide—threatening any attempt, for example, to get agreement between the developed and developing world on new mechanisms to deal with climate change.

Economic and financial power is to some extent up for bids by governments with a stake in the game, and trade rules are (arduously) negotiable. Yet the distribution of political power has proved stubbornly—debilitatingly—resistant to change.

Most bitterly contested is membership of the UN Security Council, which has the right (whether exclusively or not is hotly debated) to decide what constitutes a

threat to world peace and security, and what to do about it. In the UN's other big decision-making institution, the General Assembly, all the world can have its say, and does. But here outsiders take their revenge: a caucus of mostly developing countries called the G77 (but these days comprising 130 members including China) tends to dominate and filibuster.

Might it assuage resentment and improve the council's authority and the UN's effectiveness if America, Britain, France Russia and China invited other permanent members to join them—and considered giving up their veto? When the P5, as they are called, first grabbed the most powerful slots, the UN had 51 members; decades of decolonisation and splintering self-determination later, it has 192. The obstacles to reform grow no smaller either.

Most recently a concerted effort by Brazil, Germany, India and Japan (a self-styled G4) to join the council's permanent movers and shakers was thwarted by a combination of foot-dragging, jealousy and stiff-arming. African countries failed to agree on which of their several aspirants should join the bid. Regional rivals—Argentina and Mexico, Italy, Indonesia, Pakistan and others—lobbied to block the front-runners. China made it clear it would veto Japan; America, in supporting only Japan, helped destroy its friend's chances.

New permanent members would broaden the regional balance. That could add authority and legitimacy to council decisions. Bringing in not only nuclear-armed India, but soft-powered Japan and the rest, would undercut the notion, perpetuated by the P5, that to be a winner you need first to crash the nuclear club.

But might the price of a larger, permanently more diverse council be more potential spanner-tossers and thus greater deadlock? The hope would be that once difficult outsiders got their feet permanently under the table, sharing the responsibility for managing the world would stop them protecting bad elements, as South Africa (currently a rotating member) has been doing with Zimbabwe, in part to defy the permanent five.

Prising the P5 from their vetoes might, however, have adverse effects. It was dependable veto power, ensuring their vital interests were never overridden, that kept America and Russia talking at the UN—and Nikita Khrushchev shoe-banging—through the darkest episodes of the cold war. Russia will not forget the mistake of the brief Soviet boycott of the council that led to force being authorised to repel North Korea at the start of the Korean war in 1950. China shows no sign of veto self-effacement, either.

But staying at the table does not guarantee agreement. The UN is deliberately an organisation of states, and states differ for reasons good and bad. George Bush went to war in Iraq without explicit backing from the Security Council (just as NATO went to war to end ethnic cleansing in Kosovo, despite Russia's certain veto had the issue come to a council vote). But the council's divisions on the most contentious issues have not prevented responsible stewardship elsewhere. A Security Council summit in 1992 agreed that the proliferation of weapons of mass destruction was a "threat to peace and security" to be dealt with forcibly if need be. After the attacks of September 11th 2001, new resolutions were passed to curb terrorists' finance and keep nuclear, chemical and biological weapons out of their hands.

There has been a huge increase over the past 15 years in the numbers of blue helmets, with 100,000 soldiers and police currently deployed. This is credited with helping to reduce the number of conflicts between states, as well as calming civil wars from Bosnia to Haiti, from Cambodia to Sudan, from Congo to Lebanon. Acceptance, at least politically, of a "responsibility to protect" takes the council towards territory which, earlier this decade, it would not have approached: an International Criminal Court, for example, separate from the UN but able to take its referrals, and ready to prosecute the worst crimes.

Yet divisions among the P5 have often slowed deployment of peacekeepers where they are most needed, such as in Sudan's war-torn province of Darfur. Pessimists doubt that China and Russia, both arch-defenders of the Westphalian principle that state sovereignty trumps all, will ever seriously contemplate authorising forceful intervention even to end a genocide. A new UN Human Rights Council has yet to prove it is any better than its discredited predecessor at bringing brutal governments to book.

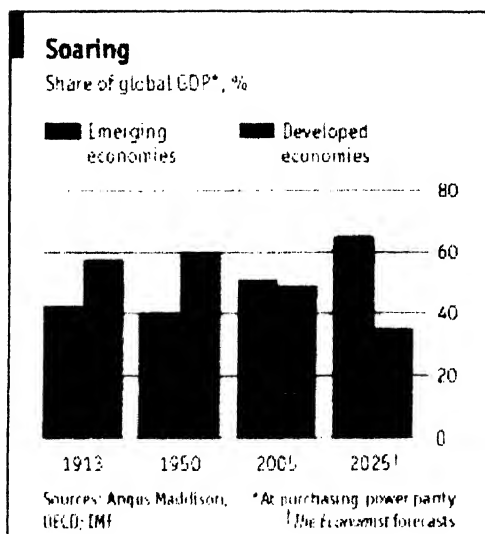
Meanwhile it took years, and North Korea's 2006 bomb test, for China to condemn Kim Jong Il's nuclear cheating and let the Security Council pass judgment on it. The P5 plus Germany have worked together over the past three years, slapping a series of UN resolutions and sanctions on the regime in Iran for defiance over its suspect nuclear work, yet Russia and China have doggedly watered down each text, line by line.

Doing it for themselves

There is much the UN Security Council will never be able to do, no matter who occupies its plush seats. And there are lots of other ways to get useful things done these days. The internet helps campaigners on human rights, as on other issues, to get their message round the world rather effectively. Stung by constant exposure and criticism of its policy in Sudan and Darfur, China appointed a special envoy (who soon found he had a lot of explaining to do) and shifted ground on the need for a UN force, even though deployment is agonisingly slow.

In some cases, regional organisations are better equipped to take the strain. Enlargement of the EU and NATO has helped stabilise Europe's borderlands, with mostly European troops and police these days in the Balkans. Russia may protest, but its western frontier has never been more peaceful.

On a similar principle of African solutions to African problems, the African Union has provided troops in Sudan and elsewhere. But devolving security jobs to the neighbours can be a disaster: the AU delegated the problem of what to do about Zimbabwe's Robert Mugabe to a southern African grouping, SADC, which left it to South Africa's Thabo Mbeki, who did nothing. The hard-pressed people of Zimbabwe are still waiting for relief.



East Asia, the other big potential battlefield in the cold war, used to look very different from Europe, which has long had more than its share of shock-absorbing regional clubs and institutions. Now, alongside the Association of South-East Asian Nations (ASEAN), a still limited talking-shop, other regional conversations are starting up. The ASEAN Regional Forum draws in not only China, Japan and Korea, but Americans, Russians and Europeans; ASEAN-plus-three summits are clubbier, involving only regional rivals China, Japan and Korea. A new East Asian Summit excludes America but brings in India and Australia, among others; Americans naturally prefer to boost the Asia-Pacific Economic Co-operation forum (APEC). Meanwhile Russia, China and their Central Asian neighbours have founded the Shanghai Co-operation Organisation, in part to counter Western influence in the region as NATO battles on in Afghanistan, but in part so that Russia and China can keep an eye on each other. Annual joint military exercises are a new feature.

Problem-solving groups come in all shapes and sizes, from quartets (for promoting Middle East peace or trying to settle the future of Kosovo) to entire posses. Some 80 countries in the Proliferation Security Initiative (an "activity not an organisation") exchange information and train together to sharpen skills for blocking illicit shipments of nuclear or other weapons materials. Like the P5 plus 1 talks on Iran (sometimes called the E3 plus 3 by Europeans), there are six-party talks hosted by China on North Korea (and including America, South Korea, Japan and Russia), which could yet evolve into a formal north-east Asian security dialogue.

More countries are taking the initiative. China, Japan and South Korea, East Asia's rival powers, will meet this year for a first 3-minus-ASEAN summit. China, India and Russia meet from time to time to re-swear allegiance to multipolarity. They may have little more in common than an ambition to put Europe and America in the shade, but earlier this year the foreign ministers of the four BRIC countries got together for the first time; their economic and finance ministers will soon meet too. And with a wary eye to China's growing economic and military weight, America, Australia and Japan have formed something of a security threesome, though Japan's plan to include India too was deemed a bit provocative.

Quirky but familiar globe-spanning organisations include the Commonwealth, which knits together Britain's former colonies plus other volunteers and does good works in all sorts of out-of-the-way places, and the Non-Aligned Movement, a cold-war hold-over with 116 members and communiqués that leave no prejudice unrecorded. But what of Mr McCain's endorsement of a League of Democracies?

The notion isn't new. An American sponsored Community of Democracies got going with fanfare in 2000. There is nothing wrong with mobilising freedom-loving governments to speak up for democracy. But there are difficulties.

Last time, America found it hard to say no to friends, and not all its friends are democrats. The new League (or Concert) of Democracies would have clearer rules for ins and outs. Supporters see it as potentially an alternative source of legitimacy, should the Security Council be hopelessly divided: a two-thirds majority of the roughly 60 countries that might qualify could even authorise the use of force to deal with threats to peace or to uphold the principle of a "responsibility to protect".

But would a group of countries that spans all continents from Botswana to Chile, and Israel to the Philippines, ever manage to agree on much? A supposed democracy caucus at the UN has achieved little. Dividing the world ideologically again seems a step backwards to some. Nor could such a club solve pressing global problems. Coping with climate change needs China as well as India; energy security needs Saudi Arabia and Russia, as well as oil-dependent Japan or the Europeans.

The good news, given the rise of lots of new powers and players, is that this is not the 19th century. Then governments had few means other than gunboats to settle their differences. There are plenty of guns about these days, but also many other ways to settle the world's disputes.



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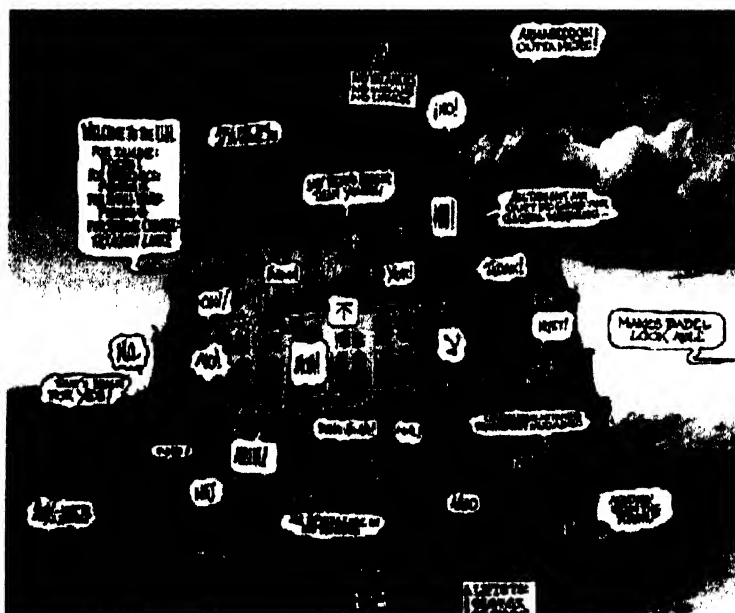
International government

What a way to run the world

Jul 3rd 2008

From The Economist print edition

Global institutions are an outdated muddle; the rise of Asia makes their reform a priority for the West



CLUBS are all too often full of people prattling on about things they no longer know about. On July 7th the leaders of the group that allegedly runs the world—the G7 democracies plus Russia—gather in Japan to review the world economy. But what is the point of their discussing the oil price without Saudi Arabia, the world's biggest producer? Or waffling about the dollar without China, which holds so many American

Treasury bills? Or slapping sanctions on Robert Mugabe, with no African present? Or talking about global warming, AIDS or inflation without anybody from the emerging world? Cigar smoke and ignorance are in the air.

The G8 is not the only global club that looks old and impotent (see [article](#)). The UN Security Council has told Iran to stop enriching uranium, without much effect. The nuclear non-proliferation regime is in tatters. The International Monetary Fund (IMF), the fireman in previous financial crises, has been a bystander during the credit crunch. The World Trade Organisation's Doha round is stuck. Of course, some bodies, such as the venerable Bank for International Settlements (see [article](#)), still do a fine job. But as global problems proliferate and information whips round the world ever faster, the organisational response looks ever shabbier, slower and feebler. The world's governing bodies need to change.

Time for a cull?

There has always been an excuse for putting off reform. For a long time it was the cold war; more recently, "the unipolar moment" convinced neoconservatives that America could run things alone. But now calls for change are coming thick and fast. Britain's prime minister, Gordon Brown, and America's treasury secretary, Hank Paulson, want to redesign global financial regulation. Others are looking at starting afresh: John McCain is promoting a League of Democracies, while Asian countries are setting up clubs of their own—there is even talk of an Asian Union to match the European one. And many critics, especially in America, want a cull. Surely economic progress in the emerging world argues for getting rid of the World Bank? Is a divided Security Council really any use?

The critics are right to argue that global organisations should be more focused than they are, but wrong to assume they can be dispensed with altogether. Get rid of the Security Council or the World Bank and the clamour to invent something similar would begin: you need somebody to boss around 100,000 peacekeepers and to lend to countries that find it hard to access capital markets. International talking-shops and standard-setters are here to stay; instead of trying to bin them, focus on making them work well.

That means recognising how economics has changed the world order. Emerging economies now account for more than half of global growth. The most powerful among them need to be given a bigger say in international institutions—unless of course you think India will always be happy outside the Security Council and China content to have a smaller voting share than the Benelux countries do at the IMF.

Any solution must accept three constraints. First, better institutions will not solve intractable problems. A larger G8 will not automatically lick inflation, a better World Food Programme would not stop hunger. Second, no matter how you reform the clubs' membership rules, somebody somewhere will feel left out. Third, you cannot start again. In 1945 the UN's founders had a clean slate to write upon, because everything had been destroyed. The modern age does not have that dubious luxury, so must build on what already exists.

Take for instance the G8. Some dream of reducing it to just the economic superpowers: the United States, the EU, China and Japan. An appealing idea, but Silvio Berlusconi and Vladimir Putin are unlikely to give up their seats at the top table. Better to enlarge the current body to include the world's biggest dozen economies. A G12 would bring India, Brazil, China and Spain into the club, while allowing Canada (just) to stay in.

The politics of the Security Council are even more outdated. Nobody now would give France or Britain a permanent veto, but neither wants to give up that right. Meanwhile, the four obvious candidates are held back by regional jealousies: India by Pakistan; Brazil by Argentina; Germany by Italy; and Japan by China. The most sensible plan gives these four permanent but non-veto-wielding seats, with two other seats provided for Islamic countries and one for an African nation.

America has yet to get behind these proposals, but a sharpened Security Council could mitigate the emerging world's objections to UN reform. With a more representative high command, more jobs could be allocated on merit, the globocracy slimmed and bolder steps considered: for instance, the case for a small standing army, or earmarked forces, to nip Darfur-style catastrophes in the bud, would be easier to make.

The Bretton Woods duo are easier to change: all that is needed is Western will. Their problem is finding a useful purpose. The World Bank is still needed as a donor to the really poor and as a supporter of global public goods, such as climate-change projects. There is less obvious need for the IMF, which was originally set up to monitor exchange rates. It could become a committee of oversight, but the main financial regulation will stay at the national level.

League of Good Hope

Supporters of Mr McCain's League of Democracies suggest it could be like NATO—a useful democratic subcommittee in the global club. But Mr McCain needs to define his democracies. (Will Malaysia count? How about Russia or Iran?) And, crucially, any league must not be seen as an alternative to reforming the UN. The whole point of global talking-shops is that they include everybody, not just your friends.

Faced with the need to reform international institutions, the rich world—and America in particular—has a choice. Cling to power, and China and India will form their own clubs, focused on their own interests and problems. Cede power and bind them in, and interests and problems are shared. Now that would be a decent way to run a world.

Identities and the Indian state: an overview

SAGARIKA DUTT

ABSTRACT *The importance that IR theorists have traditionally given to sovereign statehood has decreased their ability to explain new issues of global heterogeneity and diversity. The need to explain the end of the cold war, the disintegration of the former Soviet Union and the revival of old identities as well as the eruption of ethnic conflict in various parts of the world has, therefore, led to the return of culture and identity in IR theory. The concept of nation-state in international relations is based on the assumption that humanity is divided into nations and each nation is entitled to a state of its own. Although a state can exist without a nation it does not have the same legitimacy as a nation-state. Thus post colonial states like India, which are often considered to have artificial boundaries and are made up of many ethnic groups, feel obliged to embark on nation-building and prove that they are a nation-state even though homogeneous nation-states are a dwindling minority. The rise of the BJP in India emphasises the importance of religious and cultural identities but still does not prove that India is a nation. There has always been a tension between national and subnational identities in India. Not everyone who lives within the territorial borders of India considers him/herself to be an Indian nationalist—for example, Kashmiris seeking independence. The central government has always been aware of this and has always given priority to the preservation of the unity and integrity of the country. Indeed the constitution of India, while giving recognition to the fact that India is a multi-ethnic state, does not give anyone the right to secede from the Union. However, it is difficult to say how far India has progressed in the past 50 years beyond mere political integration and towards the creation of a nation-state through the transfer of loyalties from regional or ethnic groups to the nation, whose legal expression is the Indian Union. In the long run this is the only thing that will preserve the Indian state as it exists today.*

Post-cold war IR theorising has begun to place greater importance on culture and identity. The reason is, as Lapid explains, that 'IR's fascination with sovereign statehood has greatly decreased its ability to confront complex issues of ethnic nationhood and political otherhood'.¹ IR theorists have turned to culture and identity to better encompass, describe and explain novel issues of global

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heterogeneity and diversity. Commenting on IR's preoccupation with sovereign statehood, Ferguson & Mansbach write that 'the demise of the Soviet empire surprised state-centric theorists in part because their theories could not accommodate a revival of old identities. Such theories are equally useless when it comes to addressing mini-nationalisms, tribal violence in Africa, the globalization of business and finance, or criminal cartels.'² It is, therefore, time to look at other multi-ethnic states as well.

The concept of nation-state in international relations is based on certain assumptions, such as that humanity is divided into nations and each nation is entitled to the right to self-determination, ie a state of its own. Although a state can exist without a nation it does not have the same legitimacy as a nation-state. Thus postcolonial states, which are often considered to have artificial boundaries and clearly encompass many ethnic groups, feel obliged to embark on nation-building and prove that they are a nation-state even though, as Kratochwil points out, homogeneous nation-states are a dwindling minority and the two principles of sociopolitical organisation—territory and ethnicity—have become contradictory in our multicultural world.³ However, if we believe that a state should be a nation-state, a multi-ethnic nation-state is a contradiction in terms. Unless, of course, we accept that ethnicity does not have to form the core of the nation, which is an 'imagined community' and is constructed, a process in which intellectuals play an important role, as do political elites. In theory, there can be a civic, liberal nationalism which does not place much importance on ethnicity. But is it suitable for India?

According to Smith, the fundamental features of national identity are: an historical territory, or homeland; common myths and historical memories; a common, mass public culture; common legal rights and duties for all members; and a common economy with territorial mobility for members.⁴ However, as Bhikhu Parekh points out, modern Indian leaders who wanted to regenerate India did not want to base the new national identity on history and culture and resisted the temptation to evoke historical memories and draw historical parallels.⁵ In 1947 when India became independent, Prime Minister Nehru insisted that it must be based on a new liberal, democratic and secular national philosophy. Even if we accept that a nation is not a primordial entity but a construct, this still does not provide an answer to the question posed by the noted Indian jurist, Nani Palkhivala: 'Is India a collection of communities or is it a nation'?.⁶ In his opinion, India's paramount need is to preserve the unity and integrity of the country. In fact, the policies of the Indian government tend to give priority to this objective. However, it is difficult to say how far India has progressed in the past 50 years beyond mere political integration and towards the creation of a nation-state, through the spread of national sentiment among the masses, and the transfer of loyalties from regional or ethnic groups to the nation, whose legal expression is the Indian Union. In the long run this is the only factor which will preserve the Indian state as it exists today. And it is this that leads Palkhivala to write that 'it is doubtful whether this mosaic of humanity will survive unfractured for any length of time'.⁷

This paper argues that there has always been a tension between national and sub-national identities in India. Not everyone who lives within the territorial

borders of India considers him/herself to be an Indian nationalist—for example, Kashmiris seeking independence. It has been pointed out that the country is subject to unrelenting tension because of the abundance of centrifugal and particularistic forces. While these may be suppressed in times of national crisis, such as war, particularism is the normal condition and universalism the exception. The policy implications of this for any government in New Delhi are that political unity is fragile, can never be taken for granted, but must instead always be assiduously cultivated.⁸

However, the main reason why this issue has become salient in the 1990s is because the Congress party, which has played such a major role in Indian politics and was considered for many years to be the embodiment of Indian nationalism and undertook the construction of an Indian national identity, is now going to rack and ruin. C.R. Irani, who is the editor of *The Statesman*, Calcutta, commented in August 1997 that 'the party is going about celebrating the golden jubilee of 1947 on the fallacy that freedom was secured by the shapeless mass which now masquerades as the Congress. The Mahatma's Indian National Congress was a national platform on which all citizens in good conscience could stand...it has been broken into pieces and it is purely an accident that the name Congress sticks to the rump.'⁹ At the 80th All India Congress Committee (AICC) plenary session in Calcutta in August 1997, the Congress admitted its 'mistakes and weaknesses' in a political resolution which was passed, and stated that these had led to an 'erosion of the party's credibility'. The party also emphasised the need to consolidate its support base among the minorities, Scheduled Castes (SCs) and Scheduled Tribes (STs).¹⁰ Before going any further, it is necessary to clarify that the minorities, SCs and STs, together constitute about 42% of India's population,¹¹ all of whom have the right to vote.

The Bharatiya Janata Party (BJP), the Congress's main political and ideological rival has made electoral gains in recent years, mainly at the expense of the Congress. Its fundamental objective is the same, ie to maintain the unity and integrity of the Indian state. However, it aims to create a new national identity. The objectives of the party are clearly stated in Article II of its constitution:

The party is pledged to build up India as a strong and prosperous nation, which is modern, progressive and enlightened in outlook and which proudly draws inspiration from India's ancient culture and values.¹²

The BJP's election manifesto of 1996 states unequivocally that the 'BJP is committed to the concept of one nation, one people, one culture' and asserts that its nationalistic vision is defined by the nation's ancient cultural heritage. 'From this belief flows our faith in cultural nationalism which is the core of Hindutva. That, we believe, is the identity of our ancient nation—Bharatvarsha.'¹³ However, the main problem the BJP faces is that Hinduism is not a monolithic and unitary religion. Paul Brass comments that there is in India today considerable ambiguity concerning the use of the word 'Hindus' to define any clearly demarcated group of people in the subcontinent and considerable doubt about the existence of a Hindu political community.¹⁴ Kaviraj argues that one of the fundamental difficulties for the BJP is how to mobilise Hindu sentiments without inflaming the question of caste. He writes: 'caste is so fundamental to traditional

Hindu doctrine and social practice, and it has been so strongly emphasised by electoral politics, that to ask Hindus to forget their caste while asserting their Hindu identity is to offer a deeply untraditional and paradoxical programme.'¹⁵

The BJP's notion of cultural nationalism is still vague, as Irani points out in his editorial. But the party's main objective seems to be to make electoral gains rather than reconstructing national identity or promoting a coherent national ideology. And to do this it has either to set aside some of its core beliefs and principles, or reinterpret them radically so as to make them acceptable to groups, communities and classes that have up until now remained hostile to it.¹⁶

This paper argues that the constitution of India, to which all political parties swear allegiance, promotes liberal values but gives priority to the unity and integrity of the Indian state. Even the Indian government's programmes of socioeconomic development are geared to this goal. Moreover, identities based on caste, tribe, language and religion are given selective recognition. This means that some ethnic groups may not get any official recognition at all or are lumped together with other ethnic groups. Moreover, groups which are potentially anti-national are suppressed and denied political expression. There is, therefore, always a tension between national and subnational identities which political parties aspiring to form a government at the centre get around by forming social coalitions, something the Congress did very successfully for 40 years. As Bhagwan Dua explains, while most of the national leaders, especially Nehru, emphasised goals such as national integration, secularisation and economic strength, a 'new breed of Congressmen "parochialized" party structures and formed winning coalitions to control the levers of power' and 'the Congress was transformed into a political machine, adjusting its programs and practices to the caste and parochial orientations of the electorate'. It used and misused its political resources and its advantages as a ruling party to undercut the strength of the opposition parties.¹⁷

Kedourie's argument that nationalism is a doctrine invented in Europe at the beginning of the 19th century is accepted by many scholars.¹⁸ To this Partha Chatterjee adds that the assertion of national identity in India was a form of struggle against colonial exploitation.¹⁹ However, as the national movement recedes further back into history, the Congress degenerates and ethnic groups become politicised, it is necessary to take a fresh look at the importance of ethnicity in India.

The invention of India

Fieldhouse points out that India in the 18th century bore little resemblance to the modern state of the same name. It did not even see itself as a nation-state, that is, as a 'distinct, integrated political unit, held together and delimited by its common and coextensive culture, institutions and history'.²⁰ 'The thing that became independent' wrote Salman Rushdie, on the occasion of India's fiftieth anniversary, 'had never previously existed, except that there had been an area, a zone called India. So it struck me that what was coming into being, this idea of a nation-state, was an invention. It was an invention of the nationalist movement. And a very successful invention.'²¹

Indian historians, litterateurs and poets, educationists, and politicians committed to the promotion of national integration see India as a natural geographical entity. Bounded by mountains and seas on all four sides, through the centuries it has remained politically distinct from the rest of Asia. Deudney remarks that 'evidence for topophilia in modern national identity can be found in the symbolic content of various mottos, anthems, monuments, and literary works. "National" anthems often evoke the particular places.'²² The Indian national anthem, *jana gana mana*, composed by Rabindranath Tagore, is a good example of this. Before the coming of the European colonisers, especially the British, no significant part of the subcontinent had ever been annexed to any kingdom outside the subcontinent (except in the 6th and 4th centuries BCE, when parts of the northwest were annexed to the Persian empire and later to the Macedonian empire). Few Indian rulers succeeded in extending the boundaries of their kingdom beyond the natural boundaries of the subcontinent. To establish an empire covering the whole of the subcontinent was the ambition and lifetime mission of many a great king. However, this factor by itself has never been sufficient to promote the growth of a single nation, and has had little effect on national integration.

In ancient times the Indian subcontinent was divided into a large number of states and principalities, some of which were republics, while others were constitutional monarchies or kingdoms ruled by Hindu kings. Political boundaries usually corresponded to ethnic boundaries, though not always, and certainly not in the case of the larger kingdoms or empires. It must be pointed out, however, that it is rather difficult to define 'ethnic' in the Indian context.²³ As Paul Brass has rightly observed, India is characterised by an extraordinary abundance of ethnic dimensions—of which some are cumulative, ie they reinforce each other, and some are not. For example, the caste system in India has prevented (in most parts of India) the formation of ethnic groups on the basis of religion or language, or rather it has led to the existence of ethnic groups within ethnic groups.²⁴ In ancient times, too, the two upper *varnas*, ie the Brahmins and Kshatriyas, dominated the two lower *varnas*, ie the Vaishyas and Sudras, who were excluded from all political offices and consequently had neither wealth nor political power. Smith points out that some postcolonial societies are collections of tribes and/or ethnic groups and lack at least two of the seven features—cultural differentiation and group sentiment of a nation—as defined by Smith. This applies to India, which cannot therefore be considered a nation. However, as Smith also points out, a subjective belief that people constitute a nation is more important than objective definitions of historians and social scientists.²⁵

In spite of the insularity of the Indian subcontinent, foreign invasions were not infrequent in ancient times. The northwest, which borders Iran and Afghanistan, was the most susceptible to these invasions. The foreign invaders included the Persians, the Macedonians and tribes from Central Asia—the Sakas, Parthians and Kushans—some of whom succeeded in establishing large empires in the Indian subcontinent. In the main, however, foreign invaders were kept in check by powerful Hindu kings. The political unification of almost the whole of the subcontinent was accomplished twice, before the arrival of the Muslims. Once

in the third century BCE by emperor Asoka and once in the fourth century AD by emperor Samudragupta.²⁶

'The history of India', writes Salman Rushdie, 'is a history of independent nation-states. It is a history of Oudh or Bengal or Maratha kingdoms. All those independent histories agreed to collectivise themselves into the idea of the nation of India.'²⁷ However, the standard history of India which is taught at schools and universities in India, is still to a large extent based on the research done by British and European indologists. It is a political history of dynasties and empires and highlights high cultures and the identities of political elites. Romila Thapar explains that the concentration on dynastic histories in the early studies was based on the assumption that in 'Oriental' societies the power of the ruler was supreme, even in the day-to-day functioning of the government. This also led to the division of the history of India into three periods, ancient (Hindu), medieval (Muslim) and modern (British). However, Thapar explains that the understanding of the functioning of power in India lies in analyses of the caste and subcaste relationships and of institutions such as the guilds and village councils, and not merely in the survey of dynastic power. She also explains that the study of institutions did not receive much emphasis because it was believed that they did not undergo much change. This belief fostered the theory that Indian culture has been a static, unchanging culture for many centuries.²⁸

Muslim rule in India

From the point of view of Hindu-Muslim relations, however, the invasion in the 12th century AD of Mohammad of Ghur, an Ilbari Turk, is significant. His successors established the Delhi Sultanate which lasted until the 16th century. The Turko-Afghan sultans succeeded in subduing the Hindu kings and at the peak of its glory the empire of the Delhi Sultanate extended to almost the whole subcontinent. The disintegration of the empire led to the establishment of independent sultanates and Hindu kingdoms in various parts of the country.²⁹

What is noteworthy about this period of Indian history is that political rivalries were not based on religious differences. There was a lot of in-fighting among the Muslim rulers and also among the Hindu rulers, and the Muslim and Hindu rulers often helped each other in fighting against their co-religionists. Moreover, the Muslim rulers employed a large number of Hindus, many of whom held high positions in the army or government. The only discriminatory measure adopted against the Hindus was the imposition of the *jizya*, or poll-tax, which was imposed on all non-Muslims.³⁰

Through the centuries the Hindus and Muslims maintained their separate identities, although religious conversion was not uncommon. However, the fusion of the two cultures gave rise to new styles of art, architecture and music and a new language, Urdu, which is a mixture of Persian, Arabic, Turkish and local vernaculars of Sanskrit origin. Many Hindu and Muslim scholars studied each other's religions, while the common people coexisted peacefully.

The rule of the Delhi Sultans and of the last Lodhi ruler, Ibrahim Lodhi, was put to an end by Babur, a Chaghtai Turk from Turkestan and a descendant of Timur and Chingiz Khan, in 1526. Thus began the rule of the Mughals. Babur

was succeeded by his son Humayun, who in turn was succeeded by his son Akbar, the greatest of the Mughal rulers. A great imperialist who achieved the political unification of nearly the whole of northern and central India, Akbar was also a statesman par excellence. He recognised the importance of the Hindu Rajput princes, some of whom were quite powerful and were well known for their bravery and valour, and adopted a policy of conciliating them and thus securing their help in expanding his empire.

Akbar was succeeded by his son Salim (Jahangir), who in turn was succeeded by his son, Shah Jahan. The Mughal rulers practised religious toleration and Akbar even abolished the discriminatory *jizya*. They were also great patrons of art, architecture, literature and music. However, Shah Jahan's son and successor, Aurangzeb, reversed the policies of his predecessors. An orthodox Muslim and a puritan, he reimposed the *jizya*. He also waged several wars against the Rajputs and thus alienated them. The persecution of the Sikhs and martyrdom of their gurus finally led to the formation of the *Khalsa*. Aurangzeb's successors were weak and incompetent rulers and the Mughal empire began to disintegrate after his death. The last Mughal emperor, Bahadur Shah, was imprisoned and deported to Rangoon by the British in 1857.

There are values implicit in this account of Indian history which applauds the policies of rulers who aimed to promote good governance, public welfare, religious tolerance and cultural activity. However, Naipaul does not agree that the Mughal period was a time of glory. In his opinion, 'the Mughals were tyrants, every one of them. India is a country that, in the north, outside Rajasthan, was ravaged, and intellectually destroyed to a large extent, by the invasions that began in about 1000 AD by forces and religions that India had no means of understanding.'³¹

Feudal societies are not conducive to the growth of nationalist feelings, and Hindu religion, with its caste system, is not a unifying force. However, something akin to nationalism did fire the spirit of some Hindu rulers, such as the Rajput princes, the Marathas—especially under their illustrious chief, Shivaji, in the 17th century—and the Sikhs under Maharaja Ranjit Singh in the late 18th and early 19th centuries. The power of both the Marathas and the Sikhs was finally crushed by the British.

British rule in India

British rule paved the way for the establishment of a modern state. First, it led to the growth of nationalism and nationalist feelings, and second it introduced the Indian people to modern (European) democratic ideas, principles and institutions. While the former served to unify the Indian people, the second led to 'force' being supplanted by the 'will of the people' as the basis of the state. However, none of this was achieved in a day and neither were these achievements the objective of British rule in India.

The British rulers, like the Muslim rulers before them, were foreigners in India. But they differed from the Muslim rulers in one important respect. They did not consider India to be their home. For them it was only a colony to exploit.

Economic gain was their primary objective, to which everything else, including the welfare of the people was subordinated.

The growth of Indian nationalism and Muslim communalism

From the point of view of national integration/disintegration, British rule gave rise to three significant developments: Indian nationalism, Muslim communalism and Hindu-Muslim conflict. These developments need to be discussed in detail in order to understand how they affected the future of the subcontinent.

Indian nationalism was the product, on the one hand, of anti-British and anti-colonial feelings and on the other hand, of Hindu revivalism. One of the primary causes of anti-British feeling was the policy of racial discrimination practised by the British rulers. The 19th century also saw the revivalism of Hinduism and the birth of several socioreligious movements which tried to revive pride in India's ancient culture and heritage, and tried to reform Hindu society and rejuvenate it. Meanwhile, Western education introduced the Indians to the political philosophies of western thinkers such as Milton, Burke, Mill and Spencer, which led to aspirations for self-government and representative institutions.³²

The growth of nationalism received a further boost with the creation of the Indian National Congress in 1885. It led to the emergence of an indigenous national political elite. The Congress spearheaded the national movement for independence. It imparted political education to the masses, united them and mobilised them in the struggle for freedom.

The leaders of the national movement, such as Bal Gangadhar Tilak, Lala Lajpat Rai and, of course, Mahatma Gandhi, became the focus of loyalty. Their personal contribution towards unifying the Indians and furthering the national cause is tremendous. These national leaders are the architects of modern India, and their ideals are its *raison d'être*, and still a strong binding force which holds the country together.

However, Hindu revivalism and Western education, which were the two main bases of Indian nationalism, did not have any influence on the Muslims. The Muslim orthodoxy rejected Western education as un-Islamic. This hindered their progress under the British. The man who was responsible for bringing about a rapprochement between the Muslims and the British and changing the Muslims' attitude to Western education was Sir Syed Ahmad Khan. In 1875 he founded the Mohammadan Anglo-Oriental College at Aligarh, which promoted Muslim solidarity. Sir Syed was considerably influenced by Theodore Beck, the English principal of the college, and on his advice kept aloof from the Congress and persuaded other Muslims to do the same. He felt that the Congress's demand for representative government would injure the interests of the Muslims, who were in a minority in India. The fear of majority rule first expressed by Sir Syed was echoed half a century later by Jinnah, and finally led to the partition of India and the creation of the separate state of Pakistan.³³

In 1906 a Muslim deputation to the Viceroy made a strong claim for communal representation with which the Viceroy expressed complete sympathy.

Encouraged by the success of the Muslim deputation, Nawab Salimulla Khan of Dacca founded the Muslim League in 1906 with the object of promoting the loyalty of the Muslims to the British government and of safeguarding their political and other interests.

However, the League did not have the support of all educated Muslims, many of whom were nationalists and wholeheartedly supported the Congress and the national movement. The Muslims were granted separate electorates for the first time by the Indian Councils Act of 1909. The Government of India Act 1919 granted separate electorates to Sikhs and Europeans also.³⁴

Although the Muslim League made half-hearted attempts at rapprochement with the Congress for a while, a spate of communal riots across the country once again strengthened the communal stance of the Muslim League. From 1940 the Muslim League began to demand a separate state comprising the Muslim majority provinces of Kashmir, the whole of the Punjab, Sind, North West Frontier Province, the whole of Bengal, Assam and Hyderabad. The basis of the League's demand was its 'Two Nation Theory', which was first enunciated by Sir Wazir Hussain in his presidential address at the Bombay session of the League in 1936. He said, 'The Hindus and Mussalmans inhabiting this vast continent are not two communities but should be considered two nations in many respects'.

To consider the Hindus and the Muslims inhabiting the Indian subcontinent to be two distinct nations would, however, be erroneous for many reasons. One of which is that it overlooks the ethnicity factor. Ethnically, neither the Hindus nor the Muslims are a homogeneous group. Pakistan, which came into existence in 1947, consisted of five distinct linguistic and cultural ethnic areas: East Bengal, Sind, the North-West Frontier, Baluchistan and the Punjab, inhabited by Bengalis, Sindhis, Pathans, Baluchis and Punjabis, respectively. Pakistan was therefore the product, not of genuine Muslim nationalism, but of the communal politics of the Muslim League.³⁵

In fact, the Hindu community itself was not considered to be homogenous, and narrowly escaped being split up. In 1932 the British prime minister, Ramsay MacDonald, made his 'communal award' on account of the inability of the leaders of the various Indian communities to come to an agreement regarding the representation of minorities in the provincial legislature. The award granted separate electorates to the Harijans or 'depressed classes' (untouchables). However, Gandhi, who was strongly opposed to the idea of splitting up the Hindu community, made a pact with Dr Ambedkar, the leader of the *Harijans*, which was ratified by the Hindu Mahasabha and accepted by the British government. Under the pact, joint electorates were to be retained but the number of seats reserved for the *Harijans* was to be considerably increased.³⁶

It is also important to note that when India got its independence in 1947, there were 500-odd princely states within India's borders which had the choice of either acceding to India or Pakistan or remaining independent. That they did not readily identify with India is quite clear. Sardar Vallabhbhai Patel, a senior Congressman and an able political leader, had to persuade them to accede to the new Indian state.

The Indian constitution

Although the Indian national movement was strong enough to free the subcontinent from foreign rule, it was mainly a political movement, spearheaded by leaders who had common political ideals, the principal being the political integration of the subcontinent and the creation of a single independent state, India. This ideal is reflected in the Indian constitution,³⁷ which is federal in form but has a strong unitary bias. The constitution provides for a division of powers between the central government and the state governments, and for a Supreme Court to act as the guardian of the constitution and decide all constitutional disputes between the central and state governments. However, the distribution of power favours the centre. Moreover, in certain circumstances the Union Parliament can make laws on any subject in the state list. Although the states, like the Union, have a parliamentary form of government, each state has a governor who is not elected by the people but appointed by the President of India. The governor is expected to work as the agent of the central government. The constitution also empowers the Union Parliament to alter the boundaries and name of any state, and does not give the states the right to secede from the Union. Moving the draft constitution for the consideration of the Constituent Assembly on 4 November 1948, Dr Ambedkar, the chairman of the Drafting Committee, stated that 'the Drafting Committee wanted to make it clear that though India was to be a federation, the federation was not the result of an agreement by the States to join in a federation' and therefore 'no state has the right to secede from it'. He also explained that it was for this reason that the constitution described India as a Union of States instead of a federation. 'The federation is a Union, because it is indestructible.'³⁸ This has implications for the development of political identities which grow in opposition to the Indian state. In response to the Dravida Munnetra Kazhagam's (DMK) secessionist propaganda, the central government amended the constitution in 1963 and made it compulsory for all candidates contesting elections to the State Legislatures or the Parliament to take an oath to uphold the sovereignty and integrity of India and not produce any secessionist propaganda.

Fully recognising that national integration in India could be impeded by social inequities and injustices, the framers of the Indian constitution incorporated in it a list of fundamental rights. They are: the right to equality, the right to freedom, the right to freedom of religion, cultural and educational rights, the right not to be exploited, and the right to constitutional remedies.

Article 14 of the constitution guarantees equality of all persons before the law. Article 15 prohibits any discrimination on grounds of religion, race, caste, sex or place of birth, as between citizens, while Article 17 abolishes untouchability. In 1955 the Indian Parliament passed the Untouchability (Offences) Act, which prescribed the punishment for this offence. In order to uplift the socially and educationally backward classes and the SCs and STs, the constitution introduced the principle of positive discrimination and allowed the government to grant these classes certain privileges, such as reservation of a certain percentage of government jobs, and seats in educational institutions.

Article 20 allows all the minorities in India to preserve and promote their

language, script and culture, while Article 25 says that all persons shall be entitled to freedom of conscience and the right to practise and propagate their religion freely. In 1976 the constitution was amended and the word 'secular' was included in the preamble to the constitution, which now reads, 'We, the people of India having resolved to constitute India into a sovereign, socialist, secular, democratic republic and to secure to all its citizens: justice, social, economic and political; liberty of thought, expression, belief, faith and worship; equality of status and opportunity; and promote among them all: fraternity assuring the dignity of the individual and the unity of the nation.' This has so far only been realised on paper, however. With the achievement of independence, nationalism in India entered a new phase. Nation-building was now the principal task and challenge for the new state.

The policies of governments of multi-ethnic states with regard to national integration can be either pluralist or assimilationist or a mixture of both. The policy laid down by the Indian constitution is essentially a pluralist one, although there are a few deviations from this norm. The constitution has adopted Hindi as the national language, although it is spoken by only 42% of the population. The adoption of Hindi as the national language was in fact a highly controversial issue and was achieved by a margin of only one vote in the Constituent Assembly. Second, the state and the constitution has given recognition to and thus privileged 18 Indian languages, although more than 1000 languages and dialects are spoken in India.

Society and culture in modern India

Constitutional and legal provisions notwithstanding, untouchability continues to be practised in India. Religion, caste and language have created social as well as communication barriers which have existed for centuries and which laws cannot eliminate. People from different religions, castes and regions do not intermarry and social interaction among them is limited. It is interesting to note in this regard that the government has adopted a policy of encouraging inter-caste/communal marriages. However, although nationalist leaders have always hoped to achieve unity through cultural assimilation, any attempt to impose an assimilationist policy on the people would lead to serious consequences. For example, the people of south India have always been opposed to Hindi, which is a north Indian language, and secessionist tendencies were strong in the southern state of Tamil Nadu in the 1950s.³⁹ The process of cultural assimilation cannot be unduly hastened or forced. Karl Deutsch's observation that it took centuries to make Englishmen and Frenchmen, and that it is difficult for variegated tribal groups to become Tanzanians, Zambians or Malavians in one generation, applies equally to the different ethnic groups which make up India.⁴⁰

In 1961 Jawaharlal Nehru set up the National Integration Council (NIC) with the objective of promoting communal harmony and national integration. It was, however, not very effective. In 1968 JP Narayan, a veteran politician, wrote to Nehru that the composition of the NIC, which was made up of ministers and parliamentarians, was likely to give the impression that the task of national integration was one that was largely, if not wholly, to be accomplished by the

state. He wrote: 'This, as you know is far from being the case. Indeed, more has to be done at the people's level than by the state.'⁴¹ In fact, the NIC has not even been effective in ironing out differences between political parties and their leaders on communal issues. In recent times, the NIC attempted but failed to arrive at a consensus on the Ayodhya issue which has created communal disharmony in the country.

Anderson *et al* have argued that:

Afro-Asia, in particular, is dominated by new states that face agonising problems in winning the full commitment of their citizenry which is taken for granted in most Western societies. In equipping the state with a mystique of nationhood, the new leaders face intense competition from diverse forms of subnational loyalties, which we have referred to as cultural pluralism. These loyalties may be based on race, ethnic identity, language, caste, religion, or region; they have in common the capability of evoking sentiments in men very similar to those described as nationalism.⁴²

In spite of the fact that India is officially a secular state, caste and religion play an important role in the electoral politics of many states in India. This is because politicians have always recognised the potency of ethnic identities and do not hesitate to 'use' caste or religion to win votes or increase their personal power. They try to mobilise the masses by appealing to their religious or caste sentiments. Some even ignite communal conflicts.⁴³

Religious identities

The two main religions in India are Hinduism and Islam. The Hindus constitute about 80% of the population, while the Muslims form about 13%. Sikhs, Christians, Buddhists and Jains together make up less than 7% of the total population. However, the Hindus are not homogeneous. They belong to different castes, speak different languages, have different customs and live in and/or identify with different regions. The Muslims in India are not ethnically homogeneous either. They are dispersed in all the 25 states and seven Union Territories, although a little over half of them live in the three large states of Uttar Pradesh, West Bengal and Bihar. They are in a majority only in the state of Jammu and Kashmir and in Lakshadweep. Urdu is the mother tongue of about half the Muslim population. The rest of the population speak Bengali, Assamese and Gujarati. They are also divided along sectarian lines: Shia, Sunni, Aga Khani Khoja and at least two sects of the Bohras.⁴⁴

However, as Brass has explained, from the primordialist point of view, which was also the view of the leaders of Muslim separatism, Hindus and Muslims constituted in pre-modern times distinct civilisations destined to develop into separate nations once political mobilisation took place. The differences between the two cultures, it was argued, was so great that assimilation could not take place and a single national culture could not be created. On the other hand, others held the view that the cultural and religious differences between Hindus and Muslims were not so great as to rule out the creation of either a composite national culture or at least a secular political union in which those aspects of group culture that could not be shared would be relegated to the private sphere.

Thus Muslim separatism was the result of the conscious manipulation of selected symbols of Muslim identity by Muslim elite groups in economic and political competition with each other and with elite groups among Hindus.⁴⁵

Khalidi, however, argues that 'a whole generation of young Muslims has grown up looking upon India as the land of their birth. This new generation neither shares the sense of participation in the struggle for Pakistan nor feels the separation of the close kinsmen and relatives across the border as deeply as its preceding generation did. Moreover, it is not saddled with "guilt" over the partition of the country.'⁴⁶

Imtiaz Ahmed writes that for nearly four decades the belief has persisted that Muslims vote en bloc in elections and mainly for the Congress. This was true up to the third general elections in 1962, but is no longer so. The Muslim vote is split among a number of different political parties. In recent years, after the demolition of the Babri Masjid, Muslim public opinion was greatly alienated from the Congress. However, for obvious reasons, they see the BJP as their primary enemy. Ahmed remarks that in future elections, 'wherever a viable third force does not exist, the Muslim vote will go in favour of the Congress'.⁴⁷

Caste identities

The caste system is a hierarchical structure consisting of four castes or *varnas*: the Brahmins (priests and custodians of sacred knowledge), Kshatriyas (warriors and rulers), Vaishyas (traders), and Sudras (persons performing manual labour and menial jobs). In this hierarchical social order, the Brahmins are the highest caste and the Sudras, the lowest. The caste system was not originally so rigid, but has become ascriptive so that people who belong to a higher caste also have a higher status, irrespective of their talents and achievements. The caste system has led to social and residential segregation, and in the rural areas the Sudras live on the outskirts of villages and towns, away from the high-caste neighbourhoods, as they are considered to be unclean and therefore 'untouchable'.⁴⁸

However, in reality, the caste system is not a simple fourfold division. It is estimated that there are about 3000 subcastes into which the present Hindu society is divided. These castes are known as *jatis*, the size of which can range from a few hundred people to millions. However, unlike the universal fourfold varna the *jati* is geographically and linguistically bounded. It provides the social identity and an unofficial but effective social security system for village individuals and defines a person's *dharma*, which is a Hindu concept encompassing every aspect of an individual's conduct and social relations.⁴⁹

Jayaram writes that social scientists influenced by Marxist, as well as Weberian theories of socioeconomic change, which had evolved in the context of industrialisation and the development of capitalism in Western Europe, had assumed that the process of modernisation would gradually dissolve the caste system and the collectivist ethos, and replace it with a class system and an individualist ethos. However, anthropological and sociological studies on the caste system in India undertaken in the course of the past four decades have revealed this assumption to be untenable. Modernisation does not, *ipso facto*, tear apart the basic fabric of the caste system.⁵⁰

But, at the same time, Jayaram and other social scientists do not argue that the caste system has not changed at all. Jayaram notes that the caste system 'has been the most flexible of the primordial institutional arrangements anywhere in the world, and it has shown an extraordinary capacity to adapt itself to a variety of changing, and often apparently contradictory, socio-economic conditions'.⁵¹

That the caste system is not egalitarian is immediately obvious. It has led to inequality, exploitation and educational and economic 'backwardness'. To redress the situation and guided by the liberal values of justice and equality enshrined in the constitution of India, the government of India classified certain castes as Scheduled Castes, which means, that they are entitled to positive discrimination in certain areas, such as the reservation of seats in educational institutions, jobs in government services, seats in legislative bodies and the allocation of funds for preferential welfare programmes. According to the census of 1991, about 16.7% of India's total population was classified as scs. The total number of scs was 1091.

However although the *Directive Principles of the State Policy* enjoins the government of India to promote the welfare of the weakest sections of Indian society, it cannot be denied that this leads to the selection of some and not others for preferential treatment. Castes which are unable to present their case convincingly are excluded from preferential policies. However, as long as this does not lead to social unrest and anti-national feelings it does not threaten the security of the state, and the government can afford to ignore it. According to an opinion poll conducted by *India Today* and OGR-MARG in May 1997 apart from the scs and sts, all other social groups have misgivings over caste-based reservations. About 52% of the people feel that the best criterion for reservations is economic status and not caste, while 28% feel that there should be no reservations at all.⁵²

A lot of research has been done on caste and electoral politics in India. In some states, such as Bihar, 'caste plays a vital role in forging electoral and political alliances'. In the last general elections, the caste factor gave Laloo Prasad Yadav a clear edge.⁵³ Ramesh Thakur also writes that caste is now being used in Bihar as a system for the distribution of political spoils. 'It is organised for capturing political power and the social and material benefits that flow from it, whether it be a government job, preferential entry into an educational institution or a government licence'. He asserts that if secularism is understood as the gradual displacement of ascriptive ties of religion, caste and ethnicity by achievement-based calculations, then the opposite has happened in India.⁵⁴

However, in other states, such as West Bengal caste does not play an important role in electoral politics. According to the above mentioned opinion poll, which covered a sample of 12 651 respondents and a wide cross-section of the population of India, 52% of the voters said that they would vote on the basis of a candidate's merit and only 3% said they would vote on caste.⁵⁵ This confirmed the trend detected by a poll conducted the previous year by Indian Council for Social Science Research-Centre for the Study of Developing Societies, ICSSR-CSDS and *India Today*. However, the poll analysts emphasise that it may be hasty to conclude that voting according to caste-community has

ceased to take place. It might be the result of the recent rise in the politics of coalition-building among castes and communities.

Caste identities *per se* do not pose a threat to India's territorial integrity, unless they appear under the guise of regionalism and are able to build coalitions with other castes in their region, provide political leadership and identify a common ethnic characteristic, for example language.

Tribal identities

Tribals comprise almost 8% of India's population. They are heterogeneous and scattered over different parts of the country. Debi Chatterjee's research reveals that the communities are ethnically and culturally diverse and varied from the point of view of ethnic identity, language, culture, customs and rituals, religious practice, economic activities, geographical location and much more. However, they are often united in their efforts to keep non-tribal outsiders out of their territory.⁵⁶

Modernisation and development have had adverse consequences for the tribals. They have led to their marginalisation, encroachment on their land and forests and sometimes their displacement. The government's policy of giving preferential treatment to the STs has not proved satisfactory for several reasons. First, the educational backwardness and poverty of the tribals often renders them incapable of availing themselves of many of the benefits offered by the state and, second, as in the case of Scheduled Castes and other Backward Classes, the government has given only selective recognition to the tribals. For example, Debi Chatterjee's research reveals that only about one-third of UP's total tribal population is listed and that only since as recently as 1967.⁵⁷

However, she also points out that there is no absolute cultural or social distinction between all tribal folk and all caste members. 'Rather, what does exist in reality is a wide spectrum with varying degrees of caste and tribal traits. Some tribals are closer to the jati side than others, while some jatis show greater resemblance than other jatis to one or other tribe.' She emphasises that there is an ongoing process of tribalisation of certain *jatis* and also the 'jatification' of certain tribes, although the latter is taking place on a much wider scale than the former.⁵⁸

The alienation of tribals does pose a threat to India's security. 'As alienation afflicts wider sections of the tribal community, protest tends to move from the individual to the aggregative form. There is a reassertion of tribal values and institutions and the desperate search for roots.' The entire case is presented in nationality terms and the tribals demand greater sociopolitical and economic autonomy and greater participating rights in the context of the national economy and politics. A good example of this is both the Jharkhand and Uttarakhand movements. The government has give Jharkhand more autonomy but has not yet acceded to its demand for a state of its own. However, as Chatterjee argues, if demands remain unfulfilled and the psyche unappeased, there is always a lurking risk of the tribals taking up more militant and intolerant positions and playing into the hands of secessionist forces, as has happened in the northeastern states of the country.⁵⁹

Linguistic identities

Although, in a country with cross-cutting cleavages, language is not and cannot be the only basis of ethnicity, major linguistic groups in India have never been willing to submerge their identity. Thus the demand for linguistic provinces, which was made in pre-independence days, finally led to the creation of the States Re-organisation Commission in 1953 and the passage of the States Re-Organisation Act in 1956, although not until considerable pressure was put on the government.⁶⁰ The Act created 14 states and five Union Territories. However, it did not satisfy everyone. Because of agitation for the creation of two separate states for the Marathi and Gujarati speaking populations of Bombay, the Bombay Re-organization Act was passed in 1960; it divided the province into Maharashtra and Gujarat. Agitation in the Punjab finally led in 1966 to the creation of the state of Haryana out of the Hindi speaking areas of the Punjab. The demand of the Naga hill tribes of the northeast for a separate state was finally conceded by the central government in 1962, although only after years of insurgent activity, and the state of Nagaland was created out of three districts of Assam. It must, however, be noted that the Nagas are not ethnically homogeneous. According to a memorandum presented by the Naga National Council to Gandhi and the Constituent Assembly in 1947, the Nagas are 'not a single tribe but a whole group of them, each differing from the others in customs and dialect'. However, they have a distinct culture of their own which is different from those of the plains people of Assam.⁶¹

Meghalaya too was carved out of Assam and given statehood in 1972, together with Manipur and Tripura, which were previously Union Territories. At present there are 25 states and seven Union Territories in India. Agitations are still on in various parts of the country for the creation of more states, or for effective autonomy. For example, Jharkhand in Bihar, Gorkhaland in northern West Bengal, Bodoland in Assam, Vidarbha in Maharashtra and Uttarakhand in UP.

The British rulers never accepted language as the sole basis for any territorial or provincial reorganisation of the country. They feared that linguistic provinces would strengthen nationalist feelings. The Indian National Congress accepted the idea of linguistic provinces, although only after much hesitation. The Congress leaders were acutely aware of the dangers of creating linguistic states from the point of view of national integration. They feared that it would lead to the 'balkanisation' of the country. This fear increased after the country was partitioned in 1947.

However, the 1956 re-organization of states took place on the basis of the languages listed in the Eighth Schedule. The 1961 Census of India recorded 1 652 mother tongues in India, of which at least 200 had over 10 000 speakers. However official recognition has been given to only 18 Indian languages, which are included in the Eighth Schedule to the Constitution. None of the tribal languages, such as Santhali, Bhili and Lammi, spoken by thousands of people, are given official recognition. Sadhna Saxena notes that there do not appear to be any demographic, cultural or linguistic criteria for inclusion or non-inclusion. 'A number of languages with developed literary traditions and large numbers of

speakers do not find any place in the Eighth Schedule. Language policy having been inherently ambiguous, inclusion in the Eighth Schedule has evidently depended largely on the ability of a language group to influence the political process.⁶²

The adoption of Hindi as the national language seems unfair considering that it is an Indo-Aryan language which is spoken only in parts of northern India and Khari Boli is, of course, the language of the northern Hindi speaking elites. The languages spoken in south India are all Dravidian languages. However, in its anxiety to hasten cultural assimilation, the central government has even encouraged the cultural imperialism of northern India over the rest of the country. This is often resented by the people of south India. An important means of promoting national integration, especially cultural integration, in India is Doordarshan (Indian television). However, *The Hindu*, a newspaper published in south India, observed on the occasion of Doordarshan's 33rd birthday, that Doordarshan purveys a 'distinctive Hindi belt kitsch' and that 'on Doordarshan today ethnic diversity is not the norm, it is show-cased as being Naga dancers with feathers or a self-consciously announced "Tamil *bhakti geet*" [religious song].' The norm is 'a mish-mash, semi-prosperous northern urban culture'.⁶³

Insurgency and state repression

Insurgent groups abound in the northeastern states of Assam, Nagaland, Tripura, Mizoram, Manipur and Meghalaya, and in the northern states of Jammu and Kashmir and the Punjab. However, the central government does not consider insurgent activity in any of these states to be a national liberation struggle, but rather looks on them as attempts (both from within and without the country) to destabilise India's frontier states. The centre has, therefore, treated the situation prevailing in these states as a law-and-order problem, and dealt with it by the deployment of military and paramilitary forces, the suspension of the democratic process, and imposition of presidential rule, incidentally a power which the central government has exercised quite frequently and freely over the years.⁶⁴ Recently, even the chief minister of Assam, Prafulla Mahanta, had to renege on his pre-poll promise that the army would not be used to handle internal problems, when he decided to extend army operations to Kokrajhar in August 1996 following the eruption of violence in the state.

However, state repression is not the answer to the problem of militancy, insurgency and terrorism. A political solution is necessary. A senior government official in the Ministry of Home Affairs, Mr Padmanabhaia, admitted this to the Star Plus TV channel. He further explained that violence must not be allowed to 'escalate' and this was the main reason for deploying the army in these areas. If violence were to escalate negotiations would not take place.⁶⁵ It is interesting to note that the United Liberation Front of Asom (ULFA) has so far not made withdrawal of the army a precondition for talks. It has said that it is open to talks as long as they revolve around the 'sovereignty' and the right to self-determination of the Assamese people; are held in a 'third country'; and in the presence of a United Nations representative, conditions which the state government has so far not rejected. The ULFA has also succeeded in taking its case to the United

Nations Working Group on Indigenous Populations in Geneva. Therefore an extended presence of the army in the state will mean increased pressure on the government from civil rights groups.⁶⁶

However, explaining the Naga problem, as he perceives it, Mr Imchalemba (Nagaland's lone member in the Lok Sabha in 1992) is reported to have complained that there is a large communication gap between the Naga psyche and the policy makers in New Delhi, who, he feels, are incapable of appreciating the Naga urge for reform if not resurgence in the social, political and economic arenas. He also suspects a politico-bureaucratic design to perpetuate strong-arm methods in Nagaland and believes that army operations carried out in Nagaland for more than four decades have not done the state any good, yet this is not conceded.⁶⁷ A political solution, however, requires political resources and political will.

The 11th Lok Sabha: a microcosm of the nation?

The results of the 1996 general elections reflected the trend towards pluralism and away from single-party dominance. After four decades of steadily gaining political power in local and state governments, the backward castes occupied an unprecedented number of seats in the Lok Sabha. The growth of the regional parties has led to the 11th Lok Sabha comprising 28 different parties which is unparalleled in Indian parliamentary history. The strength of farmers has increased from 33% to almost 52%. There were fewer Congress MPs in Nehru jackets and dhoti-kurta, but more saffron clad BJP members and also some navy-blue turbaned Akali Dal MPs. Subhash Kashyap, former Lok Sabha general secretary, described it as 'a microcosm of the nation'.⁶⁸

Although the BJP emerged as the single largest party, it did not have enough members in the House to form a government. The government was formed by the United Front, which was a coalition of 13 political parties, including the Janata Dal, the Samajwadi Party, the communist Party of India (CPI), the Asom Gana Parishad (AGP), the Tamil Maanila Congress (TMC), Dravida Munnetra Kazagham (DMK), the Maharashtra Gomantak Party (MGP) and the Telegu Desam.⁶⁹ Many of them are regional political parties which, a few years ago, were not even considered to be eligible to contest elections to the national parliament. However, Prime Minister Gowda claimed that he tried to give representation to as many states as possible.⁷⁰

What implications this may have for India's political future are not clear. A former Member of Parliament, AK Roy, commented that what we are witnessing is not a reflection of plurality in our society or a new model of federalism, but a 'show of fractured polity threatening the country and unleashing forces of disintegration'. He does not accept that it is a projection of unity in diversity. The 'division of parties and rise of regional forces show the growth of centrifugal forces'.⁷¹ A senior Congressman is reported to have offered the explanation that it is, first, the lack of a charismatic leader like Indira Gandhi and, second, the 'Mandalisation', (the policy of positive discrimination for backward classes) and 'Mandirisation' (Hindu communal politics) of the polity, which has broken the society into groups and subgroups. Also, former Prime

Minister Narasimha Rao, was 'unable to translate economic liberalisation and national security as attractive alternatives'.⁷²

The 12th General Elections: a victory for the BJP or the art of coalition-building?

The results of the 12th General Elections confirm the trend towards the proliferation and assertion of regional political identities. More than 30 political parties are represented in the 12th Lok Sabha, although some of them have only one or two seats. It would be inaccurate to say that the BJP has come to power. It won 179 of the 539 seats contested but had to seek the support of 20 small parties and independents to form a government. Its allies include the Shiv Sena, Samata, HVP, Akali Dal, AIADMK, BJD, Trinamool, Lok Shakti, PMK, MDMK, RCP and Janata Party. A hung Parliament for the fourth successive election confirms that it is 'the age of coalitions' in India and that the path to power lies in the creation of political, regional and social alliances.⁷³

However, the BJP has won 63 more seats this time than it did in 1996. An analysis of the *India Today*-CSDS post-poll survey of the 1998 election shows that the BJP is no longer an exclusivist party, but one that now reaches out to a much wider range of the electorate in terms of class, caste and religion. As a right-wing political party, the BJP had initially obtained more votes from the privileged sections of society: the higher castes, upper classes, men (rather than women) and educated people. According to the results of the *India Today*-CSDS poll, the BJP has taken a significant step towards becoming a more broadbased party. Its political coalition has also helped it to build a social coalition. The party still gets more than half the votes of the upper castes, but the key to the gains made in 1998 is its inroads into other backward classes OBC votes. More OBCs have swung towards the BJP in these elections than any other community. Also, more OBCs supported the BJP front in 1998 than any other grouping, including the United Front (UF), which was the main OBC party in 1996.⁷⁴

The BJP has increased its base among the Scheduled Castes and Scheduled Tribes at the cost of both the Congress and the United Front. It is still the least popular political party with the Muslims but has increased its support among them by about 3% compared with the 1996 elections. This has happened mainly because it has formed alliances with parties considered to be more secular.

However, the BJP cannot ignore its allies. As Aroon Purie, the editor of *India Today*, writes: 'once again a government, in a sense, was being held to ransom, dictated to not by ideology but by individual agendas'.⁷⁵ At the time of going to press, the Prime Minister Mr Vajpayee was seriously tempted to give in to the demands of his infamous AIADMK ally, Ms Jayalalitha of Tamil Nadu, who has been trying to bring about the dismissal of the democratically elected DMK government of M Karunanidhi. However, as the editor of *The Statesman* remarks, 'if he gives the impression...that he places the survival of his government higher than principles of governance, more than his government will be lost'.⁷⁶

The BJP has also been obliged to dilute its agenda to ensure its government's survival. It will not immediately implement its three central commitments that

distinguish it from other parties: legislating to build a temple at Ayodhya; scrapping Kashmir's special status; and enacting a common civil code. Instead, it is emphasising the importance of its National Agenda for Governance, which is a variant of the United Front's Common Minimum Programme. The BJP claims that it wants to usher in a era of national reconciliation and consensus and avoid the politics of confrontation.

However, within weeks of being appointed Prime Minister, Mr Vajpayee inaugurated a grand temple of International Society for Krishna Consciousness (ISKCON) and a Vedic cultural centre at New Delhi. He asserted that the application of the work-related ideology of the *Bhagawad-Gita* could create a new work culture in India. Mr Vajpayee is in favour of what he calls the 'globalisation of the message of the Gita' and the messages of all the sacred books of the world, with which the message of the Gita bears close conformity. The temple and the cultural centre have been jointly set up by ISKCON and the Hinduja Foundation at a cost of more than Rs 20 crore.⁷⁷ The Communist of India has objected to the Prime Minister inaugurating the ISKCON temple. The secretary to the CPI national council, D Raja, has asserted that heads of government should keep away from religious functions.⁷⁸

However, Mr Vajpayee has assured the Parliament that India would not become a theocratic state. He has said that the BJP-led government has no hidden agenda and denied any attempt to change the basic structure of the Constitution.⁷⁹ However, the Congress party has vowed to do 'anything' required to ensure that 'the Bharatiya Janata Party (BJP) government does not tamper with the basic secular, democratic and egalitarian fabric of the nation'. A political resolution was passed at the All-India Congress Committee (AICC) meeting on Monday, 6 April 1998 in New Delhi which said that the Congress was prepared to face the challenge of all communal, divisive and authoritarian forces and pledged to safeguard the identity of a pluralistic India which is the only guarantee of its unity and integrity.⁸⁰

Like all his predecessors Mr Vajpayee has vowed to protect India's territorial integrity. The National Agenda for Governance commits the new government to reassessing India's nuclear policy. It emphatically declares that 'to ensure the security, territorial integrity and unity of India we [ie the BJP government] will take all necessary steps and exercise all available options. Towards that end, we will re-evaluate the nuclear policy and exercise the option to induct nuclear weapons.' According to an official in Islamabad, the main purpose of testing the Ghauri missile, which is apparently capable of targeting Delhi, Bombay and even Chennai, was to send a signal to New Delhi. Pakistan could match India's nuclear plans and was not about to bow out of the nuclear race.⁸¹ However, the escalation of the arms race in South Asia may lead to loss of support for the BJP government and it is now faced with the task of creating a national consensus on the subject.

According to the *India Today*-CSDA post-poll survey, the most dynamic and economically vibrant sections of Indian society feel that they can entrust the BJP with their future. Indian industry strongly supports the BJP government and the BJP will not abandon its emphasis on *swadeshi* (indigenous). It will go out of its way to be partial to the interests of Indian-owned businesses and make a sharp

distinction between *swadeshi* and *videshi* (foreign). It is not just Hindu nationalism but also economic nationalism which the BJP is promoting and going by the results of the 12th general elections, 'modern India' sees no apparent contradiction in supporting a party that emphasises Indian identity and *swadeshi*.⁸² This brand of economic nationalism may help the BJP to win votes but may not be the best economic policy in an increasingly globalising world.

Conclusion

The spread of national political consciousness began in India only in the late 19th century. However, this consciousness had an anti-colonial and not an ethnic basis. Nevertheless, it helped in the creation of the Indian Union. At Independence the Indian nationalist elite wanted 'sovereignty, unity, order, a strong state, secularism, democracy and parliamentarism, economic self-sufficiency and social and economic reform'. They also declared 'for all the world to hear and for any internal dissidents who had a different view that India was to be a sovereign independent republic'. However, it cannot be denied that the maintenance of the unity and territorial integrity of the Indian state is heavily dependent on constitutional provisions rather than on national consciousness of the people. The unity of the country is also dependent on the existence of a strong and competent government at the centre, which is responsive to the needs of the people. In order to assimilate people into one community, the government must be responsive to human needs. The record of the Indian government on this count has been fairly good so far, although there are several discontented ethnic groups in the country. The spread of literacy, social and political mobilisation, and rising economic aspirations will make the government's task even more difficult in the years to come.

The factors responsible for insurgency in the states of the northeast, Jammu and Kashmir and the Punjab are numerous and include rising economic aspirations, perception of a threat to their political, economic and cultural interests, a communication gap between the central government and the people of these states, and loss of faith in the central government's ability and willingness to solve regional problems. The pursuit of power by political leaders and parties, political mobilisation along communal and ethnic lines for political and electoral gain, conflict between different ethnic groups and power struggles between political parties and leaders, often aggravate the situation.

Brass argues that the policies pursued by the Indian government after Nehru's death have played a major role in the intensification of conflicts in these regions, and have in the process highlighted a major structural problem in the Indian political system. 'That problem arises from the tensions created by the centralising drives of the Indian state in a society where the predominant long-term social, economic, and political tendencies are toward pluralism, regionalism, and decentralization.' During Nehru's time, central government policies had favoured pluralist solutions, non-intervention in state politics except in a conciliatory role or as a last resort, and preservation of a separation between central and state politics, allowing considerable autonomy for the latter. However, from the

early 1970s Indira Gandhi's government reversed these policies for short-term political gain.⁸³

Political scientists had previously believed that ethnic groups, in both Western and Third World countries, would become irrelevant because the particularism and backwardness associated with them would be replaced by a progressive and inclusive 'national' political community organised on the basis of 'functional' criteria and informed by universal and democratic aspirations.⁸⁴ However, experience has shown that neither socialism nor urbanisation, industrialisation and the spread of education, have eradicated ethnic consciousness and replaced particularism with universalism.⁸⁵

Prasanta Sen Gupta comments that 'ethnic consciousness has taken a firm root in India' and 'some of us are fearful of India's unity'.⁸⁶ According to the opinion poll conducted by India Today in August 1997, 41% of the Indian people think that India will stay united in the next 50 years, 36% think that India will disintegrate into independent nations and 23% are not sure.⁸⁷ While it is difficult to predict what will happen in the next 50 years, it cannot be denied that ethno-nationalism does pose a threat to India's unity. On the other hand, Indian society is characterised by cross-cutting ethnic cleavages which hinder the development of intense solidarity at the state level. Loose integration does not lead to calls for secession. As such, India may not meet with the same fate as the former USSR.

Notes

- ¹ Yosef Lapid, 'Cultures's ship' returns and departures in International Relations theory' in Yosef Lapid & Friedrich Kratochwil (eds), *The Return of Culture and Identity in IR Theory*, Boulder, CO: Lynne Rienner, 1997, p 10.
- ² Yale H Ferguson & Richard W Mansbach, 'The past as prelude to the future? Identities and loyalties in global politics' in Lapid & Kratochwil, *The Return of Culture and Identity in IR Theory*, p 21.
- ³ See Yosef Lapid & Friedrich Kratochwil, 'Revisiting the "National": toward an identity agenda in neo-realism' in Lapid & Kratochwil, *The Return of Culture and Identity in IR Theory*, p 123.
- ⁴ A D Smith, *National Identity*, London: Penguin, 1991, p 14.
- ⁵ Bhikhu Parekh, 'Discourses on national identity', *Political Studies*, 43(2), 1994, pp 498-499.
- ⁶ Nani Palkhivala, 'A state without a nation?', *Statesman*, 30 May 1996, p 7.
- ⁷ *Ibid.*
- ⁸ See Ramesh Thakur, *The Government and Politics of India*, Basingstoke: Macmillan, 1995, p 4.
- ⁹ C R Irani, 'Cry, the beloved country!', *The Statesman*, (Calcutta) 9 August 1997.
- ¹⁰ 'A do-or-die situation for the Congress', *The Statesman*, 8 August, 1997.
- ¹¹ See Census of India, 1981, series I. 'Scheduled' means given a schedule to the Indian constitution. Scheduled castes and scheduled tribes are castes, races and tribes which are deemed under Articles 341 and 342 of the Indian constitution to be Scheduled Castes and Tribes for the purposes of the Indian Constitution.
- ¹² See Article II of the constitution of the Bharatiya Janata Party
- ¹³ See Election Manifesto 1996 of the Bharatiya Janata Party.
- ¹⁴ See Paul Brass, *The Politics of India Since Independence*, Cambridge: Cambridge University Press, 1994, p 16. See also J. Chiriyankandath 'Hindu nationalism and regional political culture in India: a study of Kerala', *Nationalism and Ethnic Politics*, 2(1), 1996, pp 44-66
- ¹⁵ S Kaviraj 'Religion and identity in India', *Ethnic and Racial Studies*, 20(2), 1997, pp 325-344.
- ¹⁶ 'Two of three problems', *The Statesman*, 21 August 1997, editorial, p 7.
- ¹⁷ Bhagwan Dua 'Indian Congress dominance revisited' in Paul Brass & Francis Robinson (eds), *Indian National Congress and Indian Society, 1885-1985*, Delhi, Chanakya Publications, 1987, p 358.
- ¹⁸ Elie Kedourie, *Nationalism*, Oxford: Blackwell, 1993, p 1.
- ¹⁹ Partha Chatterjee, *Nationalist Thought and the Colonial World*, London: Zed Books, 1993, p 18.
- ²⁰ D K Fieldhouse, *Colonialism 1870-1945, An Introduction*, London: Weidenfeld and Nicolson, 1981, p 12.

- ²¹ Salman Rushdie, 'A fantasy called India', *India Today*, Special Issue, 1947-1997, 18 August 1997, p 58.
- ²² Daniel Deudney, 'Ground identity: nature, place, and space in nationalism' in Lapid & Kratochwil, *The Return of Culture and Identity in IR Theory*, p 132.
- ²³ Bell and Freeman write that at a minimum ethnicity may be defined as 'characteristic, distinctive, cultural or subcultural traits that set one group off from another. Different beliefs values and patterns of behaviour are involved as well as self and other identifications. Language differences may be so intertwined that they may in circumstances be considered part of the definition, and this may be inherently so, given the important connections between language and culture.' See Wendell Bell & Walter Freeman (eds), *Ethnicity and Nation-Building*, Beverley Hills, CA: Sage, 1974, p 13.
- ²⁴ Paul Brass, *Language, Religion and Politics in North India*, Cambridge: Cambridge University Press, 1974, p 13.
- ²⁵ B C Smith, *Understanding Third World Politics*, Basingstoke: Macmillan, 1996, p 274.
- ²⁶ S Wolpert, *A New History of India*, Oxford: Oxford University Press, 1993.
- ²⁷ Rushdie, 'A fantasy called India', p 58.
- ²⁸ Romila Thapar, *A History of India*, London: Penguin, 1966, pp 19-21.
- ²⁹ For a history of Muslim rule in India see Wolpert, *A New History of India*.
- ³⁰ *Ibid.*
- ³¹ V S Naipaul, 'A million mutinies', *India Today*, 18 August 1997, p 37.
- ³² For a history of British rule in India, see Professor L Mukherjee, *A History of India (British Period)*, Calcutta: Mondal Brothers, 1975; and Wolpert, *A New History of India*.
- ³³ *Ibid.*
- ³⁴ *Ibid.*
- ³⁵ See Albert F. Levak, 'Provincial conflict and nation-building in Pakistan' in Bell & Freeman, *Ethnicity and Nation-Building*, p 205.
- ³⁶ Mukherjee, *A History of India*.
- ³⁷ The Indian constitution was framed by a Constituent Assembly which consisted of the representatives of the British India provinces and the Indian states. It became absolutely sovereign on 14 August 1947, under the India Independence Act 1947 and was competent to frame any constitution it pleased.
- ³⁸ Constituent Assembly Debates VIII, p 43, cited in R C Agarwal, *Constitutional History of India and National Movement*, New Delhi: S. Chand, 1981, Part II, p 19; See also D Verney, 'Are all federations federal? The United States, Canada and India', in B Arora & D Verney (eds), *Multiple Identities in a Single State*, New Delhi: Konark Publishers, 1995, pp 19-50.
- ³⁹ See Marguerite Ross Barnett, *The Politics of Cultural Nationalism in South India*, Princeton, NJ: Princeton University Press, 1976.
- ⁴⁰ Karl Deutsch, *Nationalism and its Alternatives*, New York: Alfred Knopf, 1969, p 73.
- ⁴¹ See Ajit Singh Sarhadi, *Nationalisms in India—The Problem*, Delhi: Heritage Publishers, 1974, pp 164-165.
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- ⁴³ See Nachiketa Desai, 'How vhp planned the Gujarat riots', *The Telegraph*, (Calcutta) 12 July 1992, p 9.
- ⁴⁴ Omar Khalidi, *Indian Muslims Since Independence*, New Delhi: Vikas Publishing, 1995, p 2.
- ⁴⁵ Paul Brass, *Ethnicity and Nationalism*, CA: Sage, 1991, pp 75-76.
- ⁴⁶ *Ibid.*, p 3.
- ⁴⁷ Imtiaz Ahmed, 'The Muslim vote myth', *India Today*, 30 April 1996, p 47.
- ⁴⁸ See Craig Baxter, Yogendra Malik, Charles Kennedy & Robert Oberst, *Government and Politics in South Asia*, Boulder, CO: Westview Press, 1993, pp 42-44.
- ⁴⁹ *Ibid.*
- ⁵⁰ See N Jayaram, 'Caste and Hinduism: changing protean relationship' in M N Srinivas (ed) *Caste. Its Twentieth Century Avatar*, Viking, Penguin, New Delhi, India, 1996, p 70.
- ⁵¹ *Ibid.*
- ⁵² *India Today*, 18 August 1997, p 32.
- ⁵³ Hemendra Narayan, 'Caste factor gives Laloo a clear edge', *The Sunday Statesman*, (Calcutta), 7 April 1996, p 7.
- ⁵⁴ Ramesh Thakur, *The Government and Politics of India*, Basingstoke: Macmillan, 1995, pp 12-13.
- ⁵⁵ *India Today*, 18 August 1997, p 28; and *India Today*, 31 August 1997, p 40.
- ⁵⁶ Debi Chatterjee, 'Tribals in India: deepening identity crisis and India's security', *Jadavpur Journal of International Relations*, 2, 1996, pp 101-118.
- ⁵⁷ *Ibid.*
- ⁵⁸ *Ibid.*
- ⁵⁹ *Ibid.* p 113.
- ⁶⁰ For a history of the demand for linguistic states see Y D Phadke, *Politics and Language*, Bombay: Himalaya Publishing House, 1974, pp 1-30; Paul Brass 'Language problems', in Brass *The Politics of India Since Independence* ch. 5.

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- ⁶² Sadhna Saxena, 'Language and the nationality question', *Economic and Political Weekly*, 8 February, 1997 p. 270.
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- ⁶⁴ See Brass 'Crisis of national unity: Punjab, the north east and Kashmir', in Brass, *The Politics of India since Independence*, Ch. 6.
- ⁶⁵ Interview with Star Plus (India), 17 August 1997, News, 10 pm.
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- ⁶⁸ Harinder Baweja 'Changing face of parliament' *India Today*, 15 July 1996, p. 37.
- ⁶⁹ Sagarika Dutt, 'India after the 1996 elections', *CAPS News*, Nottingham Trent University, pp 2-3.
- ⁷⁰ 'Indrajit Gupta finds berth in Gowda cabinet', *The Statesman*, 29 June 1996, p. 1.
- ⁷¹ A K Roy, 'Parliament today', *The Statesman*, 5 July 1996, p. 8.
- ⁷² Baweja, 'Changing face of parliament', p. 38.
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- ⁷⁴ Y Yadav & A Mcmillan, 'Results: how India voted', *India Today*, 16 March 1998, pp 29-35.
- ⁷⁵ Editorial, *India Today*, 23 March 1998, p. 1.
- ⁷⁶ 'Jaya's casino Chennai', (editorial), *The Statesman*, 20 April 1998, p. 8.
- ⁷⁷ 'Follow Gita ideology for new work ethics: *Times of India*, 6 April 1998, p. 1.
- ⁷⁸ 'CPI objects to PM inaugurating ISKCON temple', *Times of India*, 7 April 1998, p. 9.
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Religion State & Society

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Religion, State & Society is a unique source of information and analysis for individuals and institutions involved in a wide variety of ways with communist and formerly communist countries. It is still the only English-language academic publication devoted to issues of church, state and society in these countries. Responding to the new situation in Russia and Eastern Europe, the journal explores its conviction that the experiences of religious communities in their encounter with communism will be central to the evolution of the new Europe and of the Western world in general in the next century. Tackling social, cultural, ethnic, political and ecclesiological problems is in future going to be a cooperative effort, in a way hitherto impossible, involving the religious communities of both East and West. Religious communities in Western Europe, the USA, Australasia and Latin America will have much to learn from the way in which their counterparts in the East have tackled such problems in the past, and vice versa

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CARFAX

The European Integration (1957-2007) Experience: Triumphant Liberalism or Neo Realistic Revival?

Dr. B. Ashok

What could be at first sight, a triumph of the pluralistic tradition within the liberal International Relations theory demands further thought when the case of European Integration between the treaty of Rome with the primordial six members to the twenty seven strong EU currently renegotiating reform is considered.

The liberal spine:

In real political terms the liberal triumph can be associated with the absence of a European hegemon state and the persisting weaknesses of the ultra right political formations in key European countries. The rise of un-orthodox political experiments with broad coalitions of socialists collaborating against Conservatives and Green coalitions always making their presence felt also points to the fillip liberal state theory is getting in the case of the EU.

The essence of liberal supra-statal and para-statal organizations have been captured in the inclusion of multitude of actors-national governments, interest groups within countries, political parties, trade unions, environmental activists, multi-national corporations, other supranational organizations, trading blocks, military cooperation institutions etc. They have been harmonically positioned in the multi limbed organizational matrix of EU through a long negotiation process.

The harmonization of the Agricultural policy (CAP), Customs unification and Tariff harmonization represent the rich dividends the individual members of EU got between the disharmonious and the present period with sustained growth and consolidation of international trade. Besides the repeated reconsiderations of the Euro-sceptics (UK, Norway ,Turkey) to enter into preliminarily phases of engagement in terms of tariffs and customs often at great internal risk to industry point to the success of the liberal aspects.

The increase in membership has also led to a democratic revival in the institutional arrangements of the EU. The Maastricht treaty also reduced the stonewalling tendencies of individual states by opting for majority or qualified majority based decision making in the Council, by vetoing the 'veto'.

The dispute redress mechanism in the EU, the European Court of Justice is a unique instance of supra-statal adjudication as per modern international and commercial law. While it is distinct from the national judicial systems of the member states in that it does not hear organic appeals, in areas of competence of EU law, the national courts can address the ECJ for preliminary hearing and verdict. In its own sphere of competence-Intra state disputes, disputes with EU

and where EU law is infringed by legal entity -individual or corporate, the ECJs decision is also supreme. Regulation of unfair competition has been a key area where the ECJ and the competition commission have been very active with even mega-corporations- like Renault or British Aerospace which are key to national interests have been penalized.

The engagement of the EU with the rest of the supranational organizations (West European Alliance and OSCE) has been constructive and developing. G8 and G20 have also been benefiting from EU assistance. The counties catching up with the big five in Europe have benefited from EU budget support in regional development. UK, East Germany and Italy have improved their infrastructure and regional needs with EU support.

In the security front the absence of an intra EU statist conflict points to the deep interdependencies the organization has been able to muster. Barring the unfortunate intra (former) Yugoslavian episode in the region, the EU membership could prefer dialogue with neighbors to damaging options. Its consolidation with the prospect of simultaneous sanctions against erring regimes and co-efforts with the UNSC and UNGA to bring war criminals to international criminal court in Hague stand testimony to the rule of law the EU could enforce.

Liberal tradition being intrinsically linked with legally guaranteed freedom of all players-individuals, corporations, states, political institutions, EU sets a clear example. Its wedding and cross linking of accountabilities with a powerful commission, checked by the council accountable to parliament and adjudicated by the ECJ, is an exemplar of institutional effectiveness in dealing state and non state actors in an even keel. Here the cosmopolitan tradition is fully vibrant and visible.

The institutional structure of the EU with the national government nominees in Presidencies, Commission and Council and the Parliament elected predominantly under the proportional representation system weds the rule of values such as peace, justice and human rights with local development issues. The discussion and passing of the EU budget offers opportunities for the various pressure groups to vocalize their views and fears. This has been more than symbolic with at least two budgets being refused by the parliament calling for both interim measures and redrawing the parameters.

The fears of cosmopolitan thinkers to the need to balance the aspirations of super powers and freedom of individuals to strive for subsidiarity and decentralization with 'central guidance' is partly answered by the institutional harmonic of the executive council and parliament, adjudicated by ECJ. This could be, in global scale, the model for reworking the UN with a World Parliament and Council. The Bobbo-ian ideal of a 'democracy of democracies' could see the end of many vexatious disputes when the individuals and leaderships of the democratic countries sit together with mutual balance and

adjudication by a World court. Global jurisprudence may also be possible or even may be necessary in the event of the present pace of globalization and cultural development.

The ribs of statism:

The jarring ribs of realistic statism have to be badly overlooked to explain the EU model as an exemplar of Liberal and cosmopolitan ideas only.

The integration of the present twenty seven members has itself been negotiated over often stringent statist and self help based concerns. The exemptions and concerns allowed towards UK, in the European Monetary regime is a key example. The EU travel agreement with the Schengen Visa system not being subscribed by UK again points to realist expression.

The functional strengthening of the council over the parliament points to the realistic expression of the domestic concerns of the members as the council directly represents the member governments while the commission and the Parliament have extra national mandates. The further emergence of the European heads of states council as a powerful negotiation body overshadowing the commission which are essentially national nominations, again point to the realist resurgence.

A key test of whether the ideal is defeating the real compulsion is to see where the money flows to. Analysis of the EU spending in the first forty years show predominance of Agriculture. 66% of all EU assistance has flown to this sector which is the most politically vibrant national voter base. The requirement of national support from the farm lobby has been extremely distortionist for the consumers as well as other countries. The resultant high budget subsidies and over production resulting in 'butter mountains and wine lakes' is a realist result.

The aversion of the negotiating parties to consider the EU as a defense alignment also points to the realist following with countries preferring their geopolitics to a broader coalition. The EUs defense cooperation with US as well as UN has been slow to develop despite their being jointly represented (as well) by the President of EU in UNGA and OSCE. In matters of ultra state the members have preferred their 'own arrangements'.

The repeated denials to Greece and Turkey also speak of real apprehensions even beyond modern realist apprehensions. The Customs cooperation with Turkey is hoped to lead to more realistic negotiations before a decision is taken in the matter finally.

Threats and imperatives:

The future of the EU while growing on the liberal streak and retaining the realist cynicism will have to tackle two important threats which will bring out the real orientation of the EU.

By 2025 the combined might of the high growth economies of India and China will contribute to more than twice the GDP of EU. Half of humanity, one third of global production and one fourth of trade will emanate from these rising powers. BRIC countries will be great destinations of employment as well as capital.

The US has a strategic prescription in place to develop and nurture a strategic axis with India as well as China. The concessions on non proliferation offered to both and the expected use of China to expand US ambitions in the WTO, the use of India to counter the Iran Nuclear experiment in UN all point to a strategic axis being put in place.

The EU will have to consider closer collaboration with these huge markets if its growth engine doesn't halt. With the liberal trade laws in place it may also have look at protectionism with huge chunks of competitive sectors ceasing to be so on the opening up of India-China trade.

The US stratagem clearly sees the influence in Asia as a realist opportunity. The EU will be single largest loser if the axis works to mutual benefit. The constructive engagement of the rising Asian powers seems to be a realist challenge EU will have to take on without necessarily fragmenting its liberal tradition.

The second difficulty will be its orientation to the threat of terrorism. If EU does not have a disruptive defense parallel in counter terrorism which gives confidence to all members' states, it is likely that the response to terrorism within Europe-the various ultra right and left movements in Europe and the external threat from Islamic Fundamentalism, will reduce to response at a statist level.

The EU foreign engagement arrangement-with the proposed reform of a Foreign Minister and defense cooperation exclusive for EU apart from NATO or OSCE will call for some harmonization. This is where the alignment of the defense industry could play spoiler.

In summary, the EU has developed along liberal thought and cosmopolitan aspiration but reality-checked against hard realist premises and the further development offers consolidation as per the choices it makes.

UN Reforms: Caught Between Political and Managerial Dilemmas

Ashok Balasundaram

I. Introduction

UN reform has been discussed since the 1950s. ^(1, 2) An organized effort was made in its thirtieth anniversary (1974-5) with the appointment of a group of eminent persons and a resultant report. The thrust in this phase was managerial reform. The main proposals were to enhance the development function and strengthen the ECOSOC, organizational streamlining with amalgamation of all development agencies into a joint UN development agency (UNDA) except the UNEP, UNICEF and WFP under a Director General for Development Corporation. Managerial streamlining involved more freedom to the SG and defining the UNGAs' role more clearly. Very few recommendations were implemented ⁽¹⁶⁾.

The current pressures for reform coinciding with the organizations' sixtieth anniversary are more political and structural -strategic, though managerial concerns are continuing ⁽¹⁷⁾. The reform effort has yielded reports, namely the high level panels' report on UN reform (HLPR), Brahimi report on Peacekeeping and ICISS report on state sovereignty ⁽²¹⁾. They have been iterated by the UNSG who presented a set of proposals on reform to the UN Special assembly (In Larger Freedom: Towards Development, security and peace for all, 2006, referred to as 'Annan proposals'). 101 specific proposals are mooted, and main five have been implemented or in various phases of implementation. However, these are mainly managerial and the political reforms have been staying in the negotiation table. The members of both UNSC and UNGA continue to be divided on them. The positions of members and regional reorganizations (ROs) available have been summarized in annexure I. Annexure II provides the present UN organogram.

The pressure on UN members to reform has been building with the crisis in the fast response and management of UN peace missions (Somalia, Darfur/Sudan, Rwanda/Burundi, and Bosnia), the stray but significant instances of abuse by the UN peacekeepers, fiscal crisis and the impact of Kosovo and Iraq II where the primacy of the UNSC as the sole arbiter of armed dispute and threat to peace was diluted with regional organizations coming strongly to the fore. Undemocratic apex security management, absence of doctrine to regulate the preemptive use of force elaborated by US in the wake of rise of global terrorism, the “intervention not averse” EU doctrine and efforts to raise peacekeeper troops with human security doctrine, declining aid support to the south and perceived managerial weaknesses leading to crisis of confidence were important factors that compelled reform. The reform UN project has ranged from “abolish it” suggestions from US neocons (Gingricht , Bolton) to “status quo” from Russian and Chinese scholars⁽¹¹⁾.

II. The main dilemmas

The survey of the main opinions in fray reveals sharp divisions over the perceived orientation of the organization. The Northern G7 who are main supporters of managerial reform would view the effectiveness of the UNSC and UNGA to be fundamental. The expansion of the UNSC therefore would have to be limited to 19/20 without any veto expansion. Representative democratization, being disruptive to the status quo and leverage is detested. The UNGAs inefficiency in being a platform without accountability and commitment is suggested. While the UNGA holds the budget and managerial effectiveness reform, it is seen to vote expensive propositions that call for more funding from the G7 without creating adequate managerial strength. Two thirds of poorer UN members account for 0.554 % of the budget and can command a charter altering reform, balanced only by the veto, while the first 15 states in terms of contribution account for 84.5% of the UN budget. Therefore the West would put managerial reorganization and review of all UN mandates five years old for reconsideration, scrapping old ineffective

and substitutable programmes for new and more relevant ones. Savings from a one time staff buy out are to be pooled to fund new positions to be created and new, effective programmes. Staff found to be guilty of misconduct is being retired ⁽¹⁶⁾.

Table I

Comparison of the main proposals

(Source: US CRS 14)

<i>Report of the Independent Inquiry Commission into the United Nations (UN) for Peace Operations (October 1995)</i>	<i>Report of the Independent Inquiry Commission into the United Nations (UN) for Human Rights (October 1995)</i>	<i>Report of the Independent Inquiry Commission into the United Nations (UN) for Peace Operations (October 1995)</i>
<p><i>Improved management reform, including:</i></p> <p>Establish an Independent Oversight Board to function as an independent audit committee;</p> <p>Establish the role of Chief Operating Officer (COO);</p> <p>Establish policies for improved financial disclosure standards, whistle-blower protection; and</p> <p>Review of all U.N. mandates and sunset clauses for new mandates.</p> <p>Reorganization of the General Assembly;</p> <p>Replace the Commission on Human Rights with a new Human Rights Council;</p> <p>Identification of U.N. programs that could be more effective if funded by voluntary contributions; and</p> <p>Improving the Department of Peacekeeping Operations so that it becomes "a more independent program" with its own rules and regulations to address its unique mission.</p>	<p><i>Secretariat reform, including:</i></p> <p>Review of the Office of Internal Oversight Services and general strengthening of internal oversight;</p> <p>Creation of a cabinet-style decision-making mechanism;</p> <p>Authority/resources for Secretary-General to realign and/or buy-out Secretariat staff; and full review of budget and human resources operations; and</p> <p>Review of all U.N. mandates five years or older.</p> <p>Streamlining the General Assembly to speed-up decision-making processes;</p> <p>Replace the discredited Commission on Human Rights with a new Human Rights Council;</p> <p>Modify composition of the Security Council to reflect current political realities; and</p> <p>Reform ECOSOC so it may better coordinate the U.N. development agenda and guide other economic and social agencies in the United Nations.</p>	<p><i>Strengthen U.N. management practices, including:</i></p> <p>Establish an Independent Oversight Board with responsibility over internal and external audits and investigations.</p> <p>Create the position of Chief Operating Officer (COO);</p> <p>Expand financial disclosure requirements for U.N. staff, including the Secretary-General, Deputy-Secretary-General, and those involved in procurement and/or disbursement;</p> <p>Improve coordination and framework for cross-agency U.N. programs; and</p> <p>Ensure third party agencies involved in U.N. programs are entitled to fair compensation.</p>

The imposition of comprehensive oversight by the office of independent oversight affairs under a senior staff member and a collegiate decision making system with the UN senior management team more alike a cabinet are being . The Secretary General has been

authorized to manage non-voted funds, low quantum to begin with, for programmatic allocation or strategic reorientation from 2006-7⁽⁵⁾.

Replacement of the unwieldy Human rights commission with a compact Human Rights council, avoiding the possibility of gross violators being represented, has been attempted, albeit with a larger membership than liked by the G7. Its enforcement powers have also not been substantially enhanced.

In the ensuing debate in the UNGA (October 2005) the G7 and G77s views came in sharp contrast over managerial and budget reforms. The US led northern perspective would focus on the threats to security and the need for UNSC to be an effective legitimizing shield for the war on terror. Therefore they would give primacy for the nuclear non-proliferation, control of weapons of mass destruction, counter-terrorism, peacekeeping and transnational crime control. Conceptually, the UN must function with the SC as a Board of Directors for security management while South would view political and representative reform to be vital. UN is hardly a company; it is shared space for the World to sound issues. Southern view would point to iniquitous development, poverty and more support to southern problems as root causes. They would point to aid reform, trade strengthening, debt relief and reform in international financial institutions, trade liberalizations and MDGs. This sharp division of focus contributed to misunderstanding and several developing countries critiqued the UN SG report as reflecting the US and West's imagery of the UN. The debate was plagued by the different *understandings* of the organization. The US/EU thrust remained managerial effectiveness, perceiving possibly nothing wrong with the skewed representation at the policy levels, but focused intensely on efficient policy making and management within existing structures⁽¹⁸⁾.

III. The Balances for reform

The impacts of the reforms are expected to be better security, peace and development. Bruce Russett ⁽⁶⁾ would identify ten critical balances to be respected while attempting reform.

They are:

1. Between States, NGOs and civil society
2. Preservation and erosion of state sovereignty
3. Consistent with the sovereign concerns-interference to be minimum
 - a. Supplement than supplant state sovereignty
 - b. Focus on institution building in weak states-temporary surrender of sovereignty
4. Practicality and vision
 - a. Financing by levy on global commons than deficit budgets
5. Effectiveness and legitimacy-SC Expansion central here. Developing World/larger membership will undermine effectiveness (?)
6. Particularity and Universality
7. Civil and political rights and economic entitlements
8. Enforcement and neutrality
9. Specificity and plasticity of the charter
10. Coordination and diversity.

The balancing act between states, civil society and the dilution of the principle of sovereignty under specific conditions follows from the recasting of the Human Rights commission and the peace building commission. While these are yet to crystallize institutionally, the balance between states and the non state entities have already been cast as co-management. UNs' recent modest successes in the intervention in Darfur with AU, and the preemptive war doctrine of USA and NATO point to this.

The UNGAs' role is to be recast in functioning in regional and subject based groups to avoid it been highly rhetorical in place of concerted action. The funding mechanism

which is to be de-linked from national budgets, whether as levy from international communications or international financial flows or travel, which are principal beneficiaries of the global security, can be thought of. Linking country responsibility and role to funding so as to create an incentive for the countries to be responsible for new expenditure proposals must be enacted.

In regaining the balance between effectiveness and legitimacy, the interdependence of US and UN must be understood. It is a healthy sign that the political environment in US is settling towards a clearer understanding of the legitimacy the UN offers. The expansion of the UNSC is a real political question that unfortunately got into the quagmire of irretraceable self interest. Some observers view the high level panels' suggestion to have two competing proposals itself a wrong start. New membership being in permanent category is implicitly weak as a new status- quo and weak from legal point of view except capability and dominance paradigms. Similarly expansion of veto power also conflicts with the principles of opposition to veto power for the P5 in the first place ⁽¹⁷⁾.

Making the UN SC membership of equal status on regional basis (say three per continent) with a criteria based selection, based on GDP, population, funds and troop contribution to UN, ODA, and human rights record could be better, with a joint veto operating: i.e. a vote of 30% members present and voting required for a veto to come to effect. This approach may have more reasoning since even 30% strong opposition in the council might indicate an unworkable proposition even in the face of a technical majority.

Ramesh Thakur would view that the candidatures of India, Brazil, Japan and Germany is self evident while selection of African state is to be between Egypt, Nigeria and South Africa.

The SC expansion has to be a fine balance between representation and effectiveness. Expansive expansion – say to 24 may block its effectiveness. A number like 18-20 seems to be enough, being 10% arbitrary but essential estoppel. The implemented reform of a peace building commission which acts as a feeder of the peace process to the SC will open avenues for other countries to contribute as well.

The Universality of the Charter now needs supplementation suited for the particular theatres it is called to act upon. In the diverse, challenging and rapidly changing theatres it has been proven time and gain that the methodology of negotiating an intervention with force commitments audited against national interests is too late and ineffective. The authorization builds up and staging of a UN SG led stable multi purpose emergency response force is the only long standing solution. This too has to survive negotiation since the national states have to be receptive to an intervening neutral force under UN command.

IV.How realpolitik will impact the proposed reforms?

A speculative consideration of the real factors affecting the reform success is attempted as follows:

SI No	Proposed reform	Success possibility
I	Management reform	Partial to good
II	Budget and accountability	Good to excellent
III	UNGA stream lining	Moderate
IV	UNSC enhancement	Thin-moderate
V	UNECOSOC broad agenda	Moderate
VI	Peacekeeping	Good
VII	SGs power and mandate improvement	Good

IV. Conclusion

The real gap in the inter-play of positive politics in this round of UN reforms has been the weak strategy and prioritization in the reform process. Other than opening a Pandora's Box of imminent issues, it has paused achieving very little since the prioritization did not gel with the dominant strategies the power agents played with the spin of national interest. However the often meaningful debate pointed out the right directions and framed the desirables for action in future. A reprioritization would possibly be as follows:

- 1) Recasting the responsibility of enforcement of peace regionally, with active involvement of the regional organizations and form regional Security Councils' sub committees.

- 2) Select threshold of mandates which can be executed by the RO with authorization from SC.
- 3) Identify SC mandate threshold for global involvement and move towards a two tier SC with regional organization representatives featuring in SC (Region).
- 4) Empower UN SG for raising and maintaining a UN reserve force for interfering without long process of ROE and SOFA agreements once in- principle authorization is available.
- 5) Rationalization and management reform with again a regional and sub committee wise focus of the GA work
- 6) Link the merits of democratization with realistic imperatives of finding with a budget system de-linked from national budgets.
- 7) Setting timeframes and moniterable targets for the same.
- 8) Provide a house of people and civil society consultation body possibly in the model of EU.

As Kofi Annan himself stated, the UN reform is an organic process than an event. It is therefore not a 'fork in the road' but successive choices to be taken with great leadership and understanding. It will be incremental and positive, and should be continuous since we have 'no other UN' ⁽⁴⁾ to address what it does.

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Annexure I: Country /RO Reponses to ILF 2005

Sl no	Name of the member-state/group of states	Members	Known Position	Source
1.	Unites States	-	<p>Us priorities will be the following in that order:</p> <p>(1) Budget and management reform, review of existing programmes rationalization of agencies, positions, effective oversight and accountability.</p> <p>(2) Human Rights mechanism with a separate council for HRs stronger effective mechanisms against torture and violation of HRs through an effective HR council</p> <p>(3) Separate peace building commission as advisory board to SC with about 20 members to function as a focal point for coordination. P5 plus largest three donors, 5 troop contributors, 5 ECOSOC members, WB , INF nominees and emissary of SG.</p> <p>(4) Impetus to economic development with it being basically national responsibility to be arrived at with rule of law, foci the GA and ensuring sound economic and social policies</p> <p>(5) A democracy fund for advancing peace and development and the enlargement of the four freedoms</p> <p>(6) Supporting the general strategy of the UN without necessarily endorsing its entire provisions. UNSC modification to be looked at from a point of view of effectiveness than representation.</p>	R.Robert Browns (Under Secretary , Political affairs)US Senate foreign relations committee testimony

2.	China		<p>US opposes the G4 (Japan, Germany, Brazil and India) proposal for UNSC expansion on regional basis. Does not endorse the African Union proposal either, supports Japan's inclusion and an expansion to 19/20 members with the following criteria : GDP, Population, human rights record, commitment to democracy, non proliferation record, geographic balance with a break up of 2 perms and 2-3 non perms</p> <p>No support to Japan/ India's candidature, opposition to Germany and Brazil</p>	<p>President Jiang Zemin on Foreign visits</p>
3.	European Union	27	<p>Focus on capability for development and managerial reform. Focus on system wide coherence, views system wide coordination in development, environment and humanitarian assistance. EU supports core UN agencies like SC, GA, and ECOSOC and supports MDG.</p>	<p>EU announcements.</p>
4.	China and G77	Mainly 132 developing countries	<p>Primacy to intergovernmental nature of the UN. Must not be a reform to reduce budget obligations or fund new reforms from existing resources, nor to redefine existing roles and responsibilities of various agencies. Supports ethics office and whistle blower freedom but opposed to GA losing further budgetary control. Views the SG's prescriptions to be influenced by US, EU and G 7</p>	<p>US Congress Report</p>

			interests.	
5.	G7	Develop countries (7)	Focus on budget and management reform as larger funders of all UN activity –G7 funds 50% of all UN bills-Japan for instance funds UN to 19% would like to focus on expenditure reforms and managerial reform along with SC reform, secretariat reform and system wide coherence. Real funding releases linked with GA reform and has come close to fiscal crisis in the UN.	“
6.	G4	India ,Brazil, Japan , Germany	Late claimants to SC membership, has substantial support in claim to SC permanent membership and regional support, including detraction by prominent non competing spoilers. Supports generally accountability from SC and does not want to surrender voice of the GA. Generally agreeable to management reform.	“
7.	African Union		No consensus on UNSC reform, no dilution of veto power allowed. Strong GA and no dilution to development programme. Further commitments in development with commitment from North for 0.7% GDP funding of MDGs.	“
8.	Russia		Sees status quo as the best alternative since Russia perhaps has suffered maximum real decline amongst the P5. Any sharing of the veto or membership with aspirant powers to further reduce	“

9.	Italy		geopolitical stance. Has to gain from development aid and has generally approved managerial reform. No extension of veto, semi-permanent members to be inducted.-Permanent seat for Europe.	
10.	Canada		Opposes extension of veto power.	

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GLOBAL INSIGHTS

Runaway Globalization Without Governance

Nayan Chanda

Globalization has been with us since the dawn of history, but the notion of trying to govern the interconnections that it has produced is a more recent phenomenon. Governance has thus developed slowly, lagging far behind the trade, travel, and interaction wrought by globalization. Although the gap between globalization and governance has caused problems and resulted in conflict, it was less serious a problem than it is now. As the world has become intimately integrated, the failure of globalization's major players, especially the United States, to develop global rules risks turning globalization in a harmful direction.

In a *longue durée* historical perspective, globalization has been growing ever since homo sapiens settled into sedentary cultures in river valleys. Connections that began as short forays for trading, exploration, evangelism, and imperial expansion have accelerated over the millennia. As I argue in my book *Bound Together*, traders, preachers, adventurers, and warriors have continually connected dispersed human communities and civilizations, gradually creating the interconnected society we now label *globalized*.

The rules and regulations governing these communities have evolved over the millennia of interaction. But the rules always lagged behind the growing connections across continents. Traders from different lands developed rules of transaction as trade expanded. Rulers and warriors introduced taxes to earn revenue from commercial transactions and forbade certain products to protect their own. To protect the exclusivity of their valuable trading goods, countries often barred the export of certain seeds or eggs. Those rules and regulations spread as empires expanded and covered ever widening territories. Preachers and adventurers (including immigrants) walked the earth and were subjected to local rules and traditions as diverse as the lands they encountered. In some places preachers were welcomed, but in others they were put to death. Travelers and immigrants too faced varying receptions on different shores. Warriors made their own rules as they trampled on other territories, killing and subjugating those who resisted. Although rules of behavior in war between countries have existed in some fashion for a long time, it was not until the nineteenth century that the

first body of written rules appeared. However, that did not help diminish the butchery of the two world wars.

In the thousands of years that humans have been leaving home to connect with fellow humans in distant lands, the basic impetus has not changed, though the means of transaction have. So too have the consequences of large-scale exchanges. The major factor motivating traders, preachers, adventurers, and warriors to traverse rivers, mountains, deserts, and oceans was the desire for a more secure, fulfilling, and enriching life. The same motivations are driving those actors' modern counterparts, now much vaster in number. Individual traders have been joined by 63,000 multinationals trying to procure goods and services globally and merchandise them worldwide. Preachers have been joined by missionaries of all sorts, including human rights and environmental activists. Though the empires of yore withered away, tens of thousands of soldiers are stationed away from their homes fighting terrorists, stemming civil wars, and protecting their nations' ideology. The ranks of adventurers have been swelled by hundreds of millions of tourists and hundreds of thousands of refugees and emigrants who seek new homes or new adventures. A powerful new actor, the consumer, has joined the traders of old in their drive to find better-quality goods at cheaper prices. The accelerated activities of all these actors have expanded trade and travel to an unprecedented level, creating environmental and health problems. They have encouraged migration, empowered terrorists, incentivized criminals, and increased the risks of nuclear proliferation. All these global problems require the attention of a global community.

Governance involves regulating people over a finite space. It began with warriors taking charge of a territory, establishing control over people and resources, collecting taxes, and recruiting citizens into the army. Sargon, king of ancient Mesopotamia, whose empire extended from the Mediterranean to the Persian Gulf, proclaimed himself ruler of the world. Alexander of Macedon extended his imperial control for a brief period from the Mediterranean to the Indus River in India. The nature and extent of their governance was limited by the resources available—manpower as well as transportation and communication. In 533, The Roman emperor Justinian promulgated his *Digest*, which listed items that were subject to duty upon entry into Alexandria. Ever since, the imposition of tariffs (derived from the Arabic word for *information, inventory*) by different rulers, and opposition to them by interested parties, have been a regular feature of policy discourse. The first attempt to create a global structure was not made until after the massive expansion of trade in the twentieth century. Even then, it took nearly fifty years for the General Agreement on Tariffs and Trade (GATT) to wrap up the first global trading agreement and set up the World Trade Organization (WTO) to deal with the burgeoning trade.

However, the issues that preoccupy traders today have remained essentially the same over hundreds of years. To maintain its monopoly over the silk trade, Chinese emperors prohibited the export of silkworm eggs and mulberry leaves. The sultan of Yemen similarly barred the export of coffee seeds. However, time and again in history, determined copycats and pirates have defeated attempts at protecting such products and processes. The nineteenth-century British ban on the export of textile technology was defeated by Samuel Slater's novel idea of stealing technology by memorizing its intricacies. Fear of such theft led to poor attendance at the International Exhibition of Inventions in Vienna in 1873 and ultimately to the birth of the Paris Convention for the Protection of Industrial Property in 1883. As technology and information-based products and services have become increasingly valuable, intellectual property rights and patents have taken center stage in international trade negotiations. The effort continues in the WTO tussle over the implementation of the controversial agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs), negotiated in the 1986–1994 Uruguay Round.

Empires played a key role in the rise of governance as they extended rules and regulations over an expanding territory—a course that would eventually encompass a larger and larger number of countries. The Roman Empire, with its legal system, elaborate network of roads, and military infrastructure, expanded governance just as did the Mauryan Empire in India and the Han Empire in China. The scope of governance grew to a new height under the Mongol Empire, which spread from the South China Sea to the Black Sea. Deep Mongol interest in trading meant that the Silk Road across Central Asia emerged as the well-guarded conveyer belt of goods, people, and ideas. The road, with its Mongol sentry posts and inns, its postal system, and its rudimentary passport and credit card (*paiza*) system, provided unprecedented governance for land-based trade and transportation. For all the brutality the Sky God-worshipping Mongols inflicted during their conquest, their secularism enabled the peaceful coexistence of different religions within the Mongol domain.

However, the expanded trade that the Mongols enabled also produced one of the most serious challenges to governance. In the fourteenth century, the bubonic plague spread through Europe via trading caravans, claiming about a third of Europe's population. The response to this global menace was panic and local fury. In 1348, Venice undertook the prophylactic measure of requiring ships to wait forty days (*quaranta giorni*) before docking. Many other principalities followed this approach, and quarantine emerged as one of the first international public health policies.

The post-Westphalian rise of states with demarcated borders created conditions hospitable to coordinated policies to prevent the spread of communicable diseases. The first International Sanitary Conference, held in Paris

in 1851, did not produce any agreements, but efforts continued with dozens of international sanitation conferences, leading ultimately to the creation of the World Health Organization (WHO) in 1948. As the SARS pandemic of 2003 demonstrated, the WHO has emerged as one of the most successful institutions of global governance.

The horse-riding Mongols' success in governing trade over a vast area was difficult to emulate at the beginning of the era of seaborne trade. Throughout most of history, until the fourteenth century, trading ships were at the mercy of pirates. Though rulers, eager to collect taxes from traders, offered protection near their ports, traders were left to fend for themselves on the high seas. In the fourteenth century, traders in the littoral of the Baltic developed the Hanseatic League, whose members sent armed vessels to escort merchant ships on their voyages.

As for regulating conduct among traders, religion often determined the rules of the game. Trade was regularly conducted among co-religionists governed by the fear of the same God. The Jewish diaspora, spread throughout the Mediterranean, the Middle East, and Central Europe, often provided regulatory backbone for trade networks. Even when trading partners belonged to different faiths, the fear of God as well as the risk of developing a negative reputation acted as deterrents to dishonesty. However, the diverse religious persuasions of European and Middle Eastern powers emerged as major obstacles to long-distance trade. Although Italian city-states arranged their own trade deals with the Ottoman Empire, the rise of Islam forced European powers to seek a more direct way of trading with Asia, leading to voyages of discovery.

Only the dominance of Europe's Christian powers and their colonial expansion in Asia and Africa created the conditions conducive to a common approach. Europe's trading nations developed navies to protect their shipping and eventually claimed control over large bodies of water vital for their trade supremacy. This led the ruler of Makassar to protest against the Dutch in 1615: "God has made the earth and sea, has divided the earth among mankind and given the sea in common. It is a thing unheard of that anyone should be forbidden to sail the seas."¹ It was not until the early seventeenth century, when Dutch jurist Hugo Grotius developed the argument that oceans were international space or, in modern parlance, "global commons," that concepts evolved for collectively preventing conflict over access.

The growth of transportation and communications technology, which progressively shrank distance, not only allowed wider use of the oceans and expanded trade, but also made it necessary to develop international coordination. The rudimentary postal service introduced by the Mongols matured with the introduction of regular shipping. But even then, there was no commonly accepted rule. At the invitation of the United States postmaster general, a conference was held in Paris in 1863 in a bid to agree on some general principles

for postal communication. The effort bore fruit a decade later when twenty-two nations signed the Treaty of Bern, establishing the Universal Postal Union. However, even before the postal agreement was signed, some twenty countries assembled in Paris (1865) to establish the International Telegraph Union, which would later be incorporated into the UN structure as the oldest global institution.

Regulation always lagged behind technology. The use of railways and the telegraph created new problems for managing time and space. Passengers waited for hours for their trains because they were unsure of the time. Cables arriving in the dead of night remained unanswered. In 1882, in one of the first attempts at governance covering the entire planet, the United States launched an initiative to reach international agreement on, as the secretary of state wrote, "a common zero of longitude and standard of time-reckoning throughout the globe." To the chagrin of France, which argued for acceptance of Paris as the world's meridian point, Greenwich was accepted as the 0 longitude, and Greenwich Mean Time (GMT) was adopted as the center of the twenty-four time zones.

These examples of global governance, vital though they were for the conduct of international trade, transportation, and communications, represented the low-hanging fruit of global cooperation. They were often technical in nature, offering practical solutions to problems that had to be resolved at a global level. Their acceptance did not require the surrender of sovereignty or the compromising of any nation's vital economic or security interests. Even when sensitive political choices were made—like when forty-eight members of the United Nations adopted the Universal Declaration of Human Rights in 1948—it was essentially cost free, as there was (and remains) no enforcement mechanism. Adherents to the declaration have grown because, yet again and again, cases of massive violence against civilians show that warriors remain largely unregulated. As the Rwandan and Bosnian genocides, and the continuing genocide in Darfur, show, states' fears of relinquishing sovereignty complicate efforts at global governance.

The issues of sovereignty and national security have emerged as the biggest challenges to a globalized world badly in need of global rules. The fact that the world has been increasingly connected without much governance until very recently did not seem to matter much when the world was smaller and transactions were slow and limited. Not anymore. With the world rendered virtually borderless because of high-speed transfers of goods, capital, and pathogens, and environmental consequences enveloping us all, the lack of global governance has emerged as the single most daunting challenge to globalization.

Perhaps nothing requires more urgent attention than the spread of nuclear weapons and the risk that they might fall into terrorist hands. Although the avowed aim of the Nuclear Non-Proliferation Treaty was the abolition of

nuclear weapons, the trend has been in the opposite direction. The ranks of the original five nuclear powers have been expanded to include four others: Israel, Pakistan, India, and North Korea. Several other countries are waiting in the wings to acquire the ultimate weapons if the situation so requires. Even though senior US strategists, including Henry Kissinger and George Shultz, have expressed concern about the dangerous drift toward proliferation and have called for steps toward abolition, Washington has moved in the opposite direction, withdrawing from the Anti-Ballistic Missile Treaty and talking about developing new weapons and possible testing.

The third serious challenge facing the international community has emerged as the direct consequence of the world's growing interconnectedness. In the past sixty years, massive population growth has led to intensified farming, large-scale industrialization, and galloping growth in trade, all of which have contributed to a worsening environment and confronted the world with the threat of climate change. Ironically, as the world has shrunk and major threats increasingly challenge global security and well-being, the international ability and willingness to confront them collectively has declined. While the Kyoto Protocol was concluded as a first step to stanch global warming, its mission has remained unfulfilled. After having signed the protocol, the United States balked at ratifying it, calling it unnecessary and expensive. Even in 2007, after conceding that climate change is a problem, Washington refused to accept a quantitative curb on greenhouse gas emissions.

In both issues of nonproliferation and climate change, the refusal of the United States to join with the rest of the world effectively preempts any effective global agreement. After all, the United States sits on the biggest stockpile of nuclear weapons and emits the most greenhouse gases. As a country that has been born of globalization and has been, since the twentieth century, the most powerful force in integrating the world, including promoting global rules and the establishment of the United Nations, the United States now seems to have turned its back on international rule making.

Its refusal to take part in global governance is perhaps understandable. As the most powerful nation, the United States stands to lose more than others in any pooling of sovereignty. Ironically, at the end of World War II, the United States was in an unchallenged position in which it could have imposed its will on the world, but under the wise leadership of Presidents Roosevelt and Truman, it opted instead to try to create a cooperative world. The United States still wants to reap the benefit of a globally integrated world but is increasingly less keen to take any responsibility for global governance. Shaken by terrorist attacks and troubled by some of globalization's unfavorable consequences, the United States is reembracing its exceptionalist credo and seems ready to relinquish its multilateralist past. But without its

leadership and cooperation in meeting the growing challenges, the world that globalization has created is at considerable risk. 🌐

Notes

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1. Quoted in G. J. Resink, *Indonesia's History Between the Myths: Essays in Legal History and Historical Theory* (The Hague: W. van Hoeve Publishers Ltd., 1968), p. 45; from F. W. Stapel, *Het Bongaais verdrag: De vestiging der Nederlanders op Makassar* (The Bongaya Treaty: The Establishment of the Dutch in Makassar), PhD diss., University of Leiden, 1922, p. 14 and note 2.